WILEY CORPORATE F&A

IFRS AND XBRL

How to improve Business Reporting through Technology and Object Tracking

KURT RAMIN AND CORNELIS REIMAN

IFRS and XBRL:
How to Improve Business Reporting Through Technology and Object Tracking

IFRS and XBRL: How to Improve Business Reporting Through Technology and Object Tracking

KURT P. RAMIN
Former Director and Head of Standards at AccountAbility
Former Director and Advisor, International Financial Reporting Standards Foundation at the International Accounting Standards Board, London

CORNELIS A. REIMAN
International Board Advisor
Former promoter of International Financial Reporting Standards in developing countries

WILEY
A John Wiley & Sons, Ltd., Publication

Registered office
John Wiley and Sons Ltd, The Atrium, Southern Gate, Chichester, West Sussex, PO19 8SQ, United Kingdom

For details of our global editorial offices, for customer services and for information about how to apply for permission to reuse the copyright material in this book please see our website at www.wiley.com.

Library of Congress Cataloging-in-Publication Data (to follow)

A catalogue record for this book is available from the British Library.

ISBN 978-1-118-36973-9 (hardback) ISBN 978-1-118-38785-6 (ebk)
ISBN 978-1-118-38784-9 (ebk) ISBN 978-1-118-38783-2 (ebk)

Set in Photina MT Std Regular 10/13 pt by Aptara, Inc., New Delhi, India
Printed in Great Britain by TJ International Ltd, Padstow, Cornwall, UK

Table of contents

Foreword

RELEVANT, TRUSTWORTHY, COMPARABLE, TIMELY and understandable financial and business information is the lifeblood of effective capital markets and of efficient allocation of capital across companies, industries, countries and the global financial system. It is also critical to sound decision-making and operational management within individual companies and enterprises within both the private and public sectors. Thus, the quest to improve the quality, timeliness and overall usefulness of such information is an important ingredient in promoting strong and vibrant companies, sound financial systems, and to achieving economic growth and rising living standards at both the national and international levels.

In that regard, this book explains important aspects of that quest. Building upon the foundations of recent achievements relating to the growing use of IFRS and of technology in financial reporting, the authors provide insights and ideas on potential avenues for further significant advancements and the actions and resources needed to achieve them. As suggested by the title, the book provides a blueprint of changes that the authors believe are both possible and necessary to transforming corporate reporting.

As one who has devoted a significant part of my career and life to such efforts, I applaud the authors for their constructive and valuable contributions to the quest and hope that readers of this book will find it both interesting and thought provoking.

Robert H. Herz, CPA, FCA
Former Chairman, Financial Accounting Standards Board (FASB)

About the book

IF YOU WANT TO LEARN SOMETHING ABOUT BUSINESS reporting in the public or private domain, then this book is for you. It presents a succinct indication as to the purpose and practicality of International Financial Reporting Standards (IFRS) and helps to explain why IFRS are the key priority for private enterprises, as well as governments.

In doing so, *IFRS and XBRL: How to improve Business Reporting through Technology and Object Tracking* provides valuable commentary that captures key components of what is crucial to local, national and international business decision making. In addition, there is the productive linking of emerging technology with the growing acceptance and implementation of IFRS.

Specifically, XBRL (eXtensible Business Reporting Language) is a valuable and industrious partner that gives IFRS a vehicle to deliver financial data in a manner that makes utopian business reporting a tangible reality. As such, those who draft and deliver business reports shall have a rapid and reliable process for preparation, while anyone who uses these reports can make good use of such dependability and timeliness in optimising their decision making.

Given the immense amount of widely dispersed material related to IFRS, as well as XBRL, the authors have applied their extensive skills in condensing an overwhelming flood of associated information into a useful essence. In so doing, they present the origins, structure and necessity of IFRS and XBRL in a systematic, digestible and useful manner.

This book helps interested people to understand what lies behind the correct preparation and presentation of financial statements, and business reports generally, as are used for the benefit of external users, as well as associated public accountability. Furthermore, the authors explore how business reporting can be improved, such as through adding non-financial reporting. Of particular importance is the obvious push for a new paradigm whereby object definitions, tracking and valuation offer considerable benefits to people who produce and rely upon business reports.

Therefore, whether you are a senior executive, standard setter, finance professional, accountant, academic, student, or someone in any other managerial role, this book will give you the means by which to gain an appreciable understanding of IFRS, and XBRL, as well as the basis upon which to pursue additional learning and application in achieving better business reporting outcomes.

This is the way forward for any who want to drive change, too.

About the authors

Kurt P. Ramin

Kurt Ramin is a former director at AccountAbility where he was Global Head of Standards. He is a visionary in the accounting profession and a pioneer in global reporting languages and standards, having previously been a director and advisor to the International Financial Reporting Standards Foundation at the International Accounting Standards Board (IASB) in London for more than 10 years. His work on behalf of the IASB involved introducing XBRL and IFRS to more than 70 countries. During his tenure with the IASB he served as the global chairman of XBRL and was a member of the EU Commission High Level Expert Group and the Brookings Institution Task Force on Intangibles.

Prior to joining the IFRS Foundation and its predecessor, the International Accounting Standards Committee (IASC), Kurt was a Global Capital Markets Group Partner at PricewaterhouseCoopers in New York. He holds an MBA, as well as CPA and CEBS qualifications, and is a board member of several international organisations. Earlier in his career he was CFO at several large international companies.

He is a member of the American Institute of Certified Public Accountants (AICPA), as well as of the Financial Executives International (FEI) and other professional associations. Also, he is an honorary member of the German CPA Society. At the FEI he is a member of the Committee on Governance, Risk and Compliance (CGRC).

An accomplished writer and public speaker, Kurt has authored numerous articles on international financial reporting, XBRL and capital markets, and chaired global business conferences and summits. Presently, he is an editorial advisory board member of the *Journal of Intellectual Capital* (*JIC*). He has also lectured at Columbia University, and was a professor at the College of Insurance in New York.

Kurt currently serves as treasurer on the Council of the International Union for Conservation of Nature (IUCN), the world's largest association of conservation agencies, headquartered in Switzerland.

Outside of work, Kurt likes biking, skiing and engaging with friends around the globe. In 2009 he cycled on a 4,000 km goodwill tour from Rome to Mecca. He is fluent in German and English.

Kurt can be contacted at: kurt.ramin@gmail.com.

Cornelis A. Reiman

Cornelis applies international start-up, turnaround and business development skills as a board-level advisor. Previously, Cornelis was president of an economic development entity promoting International Financial Reporting Standards in developing countries. Before that, he was dean and vice president of universities in Thailand and Singapore. Both were pivotal roles in the establishment of two business schools and related MBA programmes.

Cornelis has taught postgraduate international business, management and economics at Monash University in Australia. Prior to academia, he consulted in the private, public and not-for-profit sectors on critical issues, such as corporate management, strategic planning, regional economic development and business incubation. The global information technology provider IBM, and the former accounting services firm of Arthur Andersen & Co., have also employed him.

Cornelis has a PhD. in Economics and enjoys a number of exceptional professional qualifications in accounting, corporate governance, marketing and management, including FCPA (Australia and Singapore), FCIS and chartered accountant. He is also a senior member and certified professional with the Australian Computer Society. Furthermore, he is a former state president of the Economic Society of Australia, and former chairman of an employment development and recycling entity.

Presently, Cornelis is on the board of the Australian Institute of Management Business School and is also an independent director on the board of the Chamber of Accountants of the Republic of Kazakhstan, which became an Associate Member of the International Federation of Accountants (IFAC) in late 2011. In addition, he advises CPA Russia.

Cornelis has written on a number of international business issues, including accounting, trade, IT and organisational efficiency. Currently, he is a member of the advisory board, *Journal of Management*, Shinawatra University Thailand

Cornelis can be contacted at: cornelis.reiman@gmail.com.

‘It is a funny thing about life: if you refuse to accept anything but the best you very often get it.’

W. Somerset Maugham, English writer, 1874–1965

Preface

MUCH OF OUR WORKING LIFE puts each of us in a unique position to see evolving IFRS policies in broad forum discussion, professional development and global delivery, with this followed by international deployment in countries that understood the benefits of international financial standards. Thereafter came the onset of XBRL, which is the most exciting addition to the world of finance and accounting, and one that is worthy of focus, and, although for different reasons, also worthy of as much praise as IFRS has received. Without a doubt, IFRS and XBRL are two significant initiatives that have shaped the world of business reporting in an encouraging way that will yield increasing benefits.

When engaged in the thick of international business, however, it is easy to overlook the many people who are far from the point of focus and any related action. The same can be said in relation to the development and delivery of international financial reporting standards that, usually, involve senior finance and accounting professionals, leading public accounting firms, senior ministers of governments, as well as prominent academics.

Yet it is through the universal application of standards at the grass-roots level of business and government, and the use of relevant technological tools, that facilitates the expected successes of the general acceptance and proper implementation of accounting standards. As a direct result, there is the greater degree of confidence in business reporting that, of itself, improves community opinion of businesses, as well as of the government sector.

It is noteworthy that, with greater financial clarity and sensible delivery, there comes increased comfort in the conclusions drawn from business report and related analysis. In turn, this supports and spawns economic activity. Thus, foreign direct investment and international trade stand upon reliable reports that capture actual risks of business, rather than adding any muddiness that comes from improper accounting and reporting practices, whether accidental or purposeful.

The more people who know about IFRS and XBRL, the better it is for the global economy, as well as for related countries and their various economic sectors and societies. With such a belief in mind, we saw potential benefit in producing an introduction, if not something of a primer, which captures the attention of readers who, then, can feed the process by which international financial reporting standards are crafted initially and ultimately embraced as an essential part of business. The same can be said for XBRL as the platform that adds credibility and impetus to business reporting. Fundamentally, all of that supports our ideas for a better business reporting paradigm, being one that requires greater attention to the development of new standards, and to technological tools, too.

We have, in our past and present roles, travelled the world and engaged with many people in the public and private sectors as a means of facilitating the acceptance and implementation of IFRS and XBRL. Such experience was very valuable at a personal and a professional level, especially when we saw how we could play a more productive part in promoting IFRS and XBRL through our collaboration in shaping this particular book.

In recognition of the growing acceptance and adoption of IFRS and XBRL in numerous countries, we have crafted a simple yet effective summary for anyone who is interested in gaining a preliminary appreciation of the two supports of modern business reporting. The end result is a guide to key components of both pillars, such as who is involved in designing and delivering these, as well as what each contains, in addition to why both are important. All of this led us to see how more can be done to improve business reporting in addressing the increasing need for timeliness and integrity.

Essentially, we see this book as a beacon that attracts the attention of various people who might only have a little bit of an interest in IFRS and XBRL. Then, it points the way to additional avenues that allow access to more detailed information, as well as seeing what improvements can be made. We hope, thereby, that our united effort encourages greater public and professional interest in IFRS and XBRL, and how that perfect partnership lays a firm foundation for further advancements. Consequently, we believe that the world will improve significantly.

Kurt P. Ramin
Dubai, London and New York

Cornelis A. Reiman
Bangkok and Australia

November 2012

Acknowledgements

THE CONSIDERABLE EFFORT OF MANY PEOPLE WORLDWIDE, over a number of years, precedes what is presented in this book. Without their attention, focus and dedication, accounting standards would not exist, nor would these be at the forefront of international business, as is the case today. The same applies to pioneers who forged XBRL as the means by which accounting standards, and financial reporting, are made more useful to private analysts and public policy formulators alike.

We acknowledge, therefore, all who work with IFRS and XBRL, especially those who are connected with the IASB in London. Certainly, particular thanks must go to Paul Pacter, who, through his early work in the IASB, was a vital and driving force in the development of international accounting standards.

In addition to people at the IASB, thanks go to colleagues at AccountAbility. Plus, we thank Tom Baumann, CEO of ClimateCHECK and co-founder of the Greenhouse Gas Management Institute, especially for his assistance in relation to environmental standards. Also Erik Thomsen, chief scientist at DSS Lab, who is an internationally recognised pioneer in business intelligence (BI) and decision support systems (DSS), also called performance management. His comments and suggestions were especially insightful, as well as very useful. Also, we are thankful for handy feedback received from Robert Kirsch.

It is worth considering, at this point, the numerous professionals in commerce, industry, academia and governments who pursue the implementation of IFRS and XBRL. It is through their work that the aspiration of global accounting standards is realised. Better business reporting must be the result thereof.

Clearly, given the scope of this book, we are indebted to assorted organisations, such as the IASB, as well as various other accounting entities, from which we sourced valuable information. Whenever possible, we have cited such sources and we apologise for any omissions.

We are very grateful for the assistance given by professionals at John Wiley & Sons, Ltd. The Finance and Accounting team there were supportive of our concept from the outset, and encouraging throughout the project. Special thanks, therefore, go to Sarah Jenkins, Stephen Mullaly and Gemma Valler. Also, those who are a fundamental part of the production process must be thanked, particularly Vivienne Church for her sterling effort as copyeditor in addition to Grace O'Byrne as production editor and Lynette James as proofreader.

Introduction to this book

THERE IS A NEED FOR COMPANIES TO REVIEW the current functioning and planned potential of associated business by testing whether there is room for improvement. That, in effect, should be a frequent occurrence. For instance, are strategies suitable to the needs of key stakeholders, as well as in line with recent, political, economic, social, technological, legal and environmental developments?

In this regard, with the increasing rise in International Financial Reporting Standards (IFRS), companies cannot remain content with the belief that existing accounting education and applications in any organisation are sufficient for future purposes. Priorities must be reconsidered, especially when the prospect of global investment and trade continues to offer profitable opportunities.

However, can key decision makers in companies and governments rely upon financial reporting? This is a critical issue that can derail excellent business opportunities due to the absence of integrity. In the context of how poorly commerce and industry, as well as the public sector, function when reliant upon poor reporting, IFRS shine brightly.

Nevertheless, it must be said that IFRS are applicable universally, and it is vital to see that XBRL (eXtensible Business Reporting Language) is linked perfectly in ensuring that this is deliverable. The best corporations embrace IFRS and

XBRL and not only to abide by increasing legislative persuasion, growing government initiatives and strong recommendations of the accounting profession; there is a clear competitive advantage available to companies that accept and integrate IFRS and XBRL as a matter of course. This can lead to gains over companies that do not follow IFRS and commensurate XBRL usage, especially when many markets and countries make IFRS mandatory for the purposes of trade and investment. As such, IFRS and XBRL offer local and global opportunities.

Furthermore, when exploring IFRS in the following pages, it is worth noting that technology is the main driver for globalisation. Particularly, it plays an important part in the implementation of IFRS. In that regard, the anticipated convergence between IFRS and US GAAP (Generally Accepted Accounting Principles) will be achieved through technology, with XBRL at the forefront of that push.

This book will do more than satisfy a current need for understanding something about IFRS and XBRL. In effect, this is a primer in that it provides a firm foundation upon which to build further learning and understanding of two significant, influential and necessary standards. If nothing else, it will facilitate an appreciation of objectives and requirements associated with IFRS and XBRL.

Essentially, this book heightens readers' attention to various issues related to the development and implementation of IFRS and XBRL. In so doing, the book equips readers with the ability to see how these standards apply to various business entities, as well as to the numerous transactions that are at the heart of commerce.

Arising from this is a greater appreciation of what is necessary for improvement in financial reporting as well as in the wider reach of business reporting. With increased interest in non-financial issues, such as those associated with corporate social responsibility, integrated business reporting has come about. Still, significant issues remain, and these must be acknowledged and remedied in order to improve the timeliness and reliability of business reporting. As such, towards the end of this book, a new reporting paradigm is proposed, one that is based upon the foundation stones presented in preceding parts and expanded to account for a more thoughtful approach to objects and values, as explained in the next section.

LEADING TO A NEW REPORTING PARADIGM – CONCEPT MAP

This is a book written in relation to the underpinning of traditional business reporting, and also in support of more advanced reporting, as facilitated by XBRL, as well as of non-financial reporting.

Although many readers will make good use of reference information contained herein, note that this book is also a structured argument for a paradigm shift in business reporting overall. Specifically, blocks of knowledge are connected and compared to produce a compelling argument for a drastic, and necessary, change in how business reporting is developed today.

For instance, consider that IFRS in place now form the stable base for financial reporting, such as the statement of financial position (also referred to as the balance sheet), the statement of comprehensive income (also referred to as the profit and loss statement), the statement of changes in equity and the statement of cash flows. It is quite apparent from industry experience that the development and delivery of these financial reports can be improved dramatically by the implementation of XBRL. However, both of the standards highlighted in this book – IFRS and XBRL – need to be developed further in addressing an increasing, and necessary, call for non-financial reporting.

Consider, for instance, the rise in importance of corporate social reporting. While various other (non-IFRS) standards have appeared in this area, there is an obvious lack of agreement in the midst of these, which is needed to refine current non-financial reporting in order to make it more useful. Even so, there is considerable room for improvement throughout due to the current business reporting model being one with inherent weaknesses, including pointless duplication of data. This leads to the clear view that objects-based valuation, as well as the associated tracking of objects, fosters a better business reporting model that is referred to herein as the new reporting paradigm.

Accordingly, this book explores core components of what are understood, generally, to be the current fundamentals of business reporting. Thereafter, it identifies why changes are advisable and how these can be achieved. As a consequence, this book sets itself apart not only in melding the two worlds of IFRS and XBRL but also in expressing cogently why this illustrious combination, when properly aligned, drives change, and how further business reporting transformation can be achieved through taking manageable steps and making important progress.

Therefore this book will appeal directly to a wide-ranging readership, including:

- accounting practitioners – to improve the development and delivery of business reporting;
- standard setters – to see gaps and opportunities that must be addressed;
- IT professionals – to plan for systems that support better business reporting;

- academics and students – to understand the issues related to current and future business reporting needs.

In addition, senior executives in the private and public sectors, as well as company directors, politicians and government ministers, will find sufficient reasons to pursue better reporting outcomes.

In support of these notions Figure I.1 is a concept map of this book. This is provided for three particular reasons, to show:

- the overall layout of the book;
- the flow of what connects key components, such as IFRS, XBRL and business reporting;
- the basis upon which change is attained and how more can be achieved.

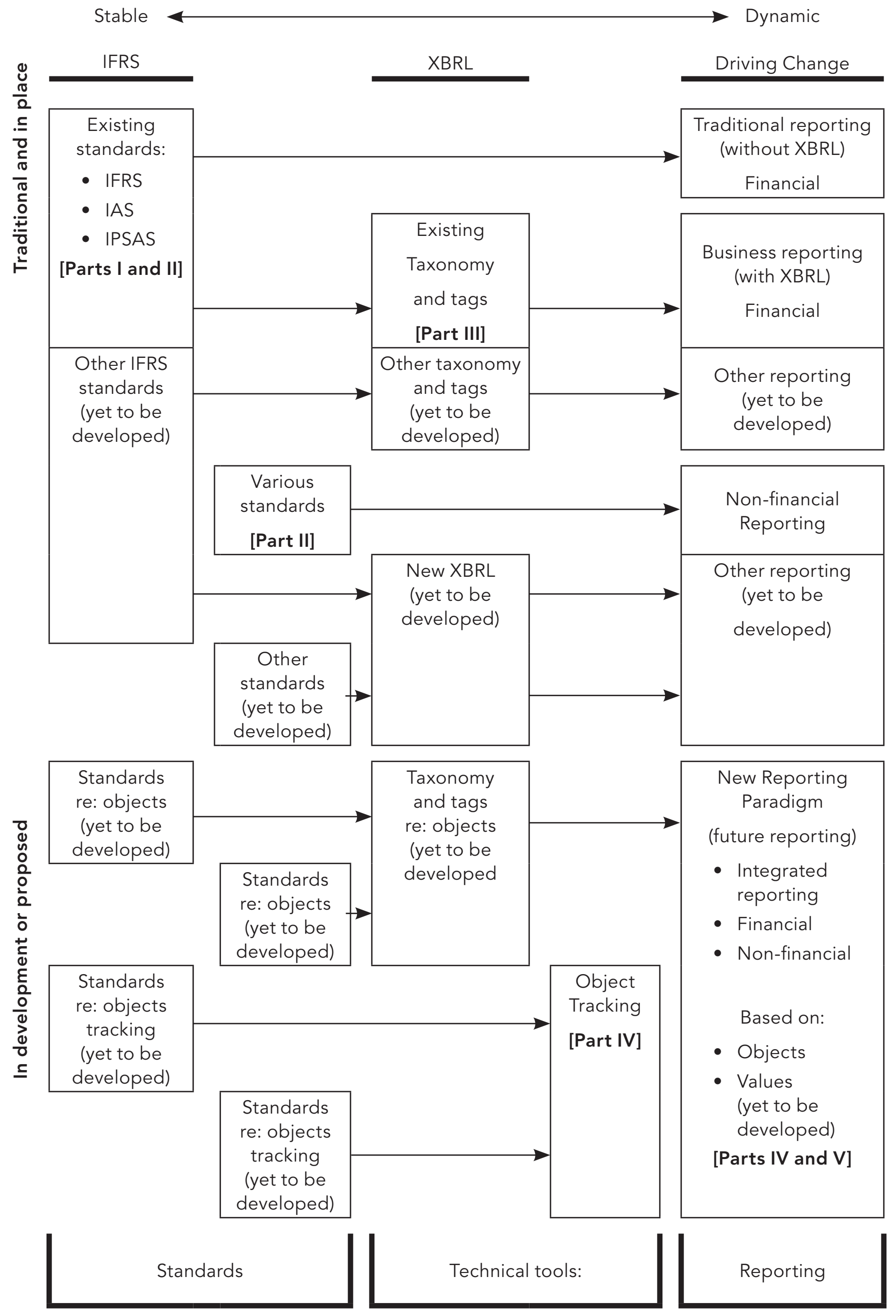
As is apparent from the headings, there are three vertically positioned, rectangular areas: IFRS, XBRL and Driving Change. The latter part (Driving Change) features better business reporting of existing financials when XBRL is implemented, with this being faster, more reliable, more cost effective and offering more versatile business reporting. Electronic data can be re-used, as well as making possible intra-entity, inter-entity, intra-industry, cross-industry, interstate and international analysis.

Note that the columns pertaining to IFRS and XBRL show, below each initial representative area, another one related to future development in each case. In turn, this feeds into new business reporting that, as indicated, is still to be developed. In this regard, note the overarching scale denoting stable aspects of the map, such as standards, and the dynamic elements being the business reports that are crafted and delivered for assorted organisations worldwide.

Below that part of the figure, where IFRS, XBRL and business reporting are connected directly, is non-financial reporting. This represents reports related to corporate social responsibility. This relatively new form of reporting has various underlying standards, as shown to the left. Given that there is no current consensus among the related standard setters, changes are likely in this area, including further development in the areas of IFRS and XBRL, such as taxonomy and tagging, that will support, or facilitate, additional non-financial reporting outcomes.

This suggests that business reporting is not static and that changes are possible, as suggested by the upper-most 'stable–dynamic' scale. It is timely to see, too, the additional scale at the far left-hand side of the concept map, which identifies elements that are 'traditional, and in place', as per existing standards

FIGURE I.1 Overall concept map – leading to a new reporting paradigm.



Note: Length of arrows and size of rectangular areas does not denote anything of relevance. Text in angular parentheses, [ ], identifies relevant parts of the book.

at the top of the IFRS column. At the other end of that scale, as shown at the bottom-left part of the concept map, is the indication that elements below those that are traditional and in place are 'in development, or proposed'.

The overall classification on the basis of these two scales, although indicative and somewhat rudimentary, is that the bottom-right part of the concept map relates to future reporting opportunities. Accordingly, we can see that the 'New Reporting Paradigm' is built upon all that we see in the preceding flow of connections, resulting in a combination of financial and non-financial reporting. In other words, there is integrated reporting, reliant upon standards (IFRS and otherwise) not yet drafted or set, that will address the pertinent issue of objects, or units. The same can be said for related extensions of XBRL taxonomy and tagging that are still to come in supporting yet-to-be-developed standards, as well as strengthening the integrity and delivery of future business reporting.

The next step in this particular story is to track objects, which would be prudent in a world where many objects, such as assets, are mobile. Object tracking, therefore, is the technical and prominent partner to objects that are clearly defined by associated standards. In turn, this will fulfil a critical issue in business reporting, such as resolving potential duplication of asset ownership. As such, the future of business reporting will be tighter, and will offer greater integrity and reliability, in as much as vagaries and areas of possible misinterpretation that exist today will be removed. Thereby, business reporting will be improved dramatically.

The final line of the concept map sets the three key themes that interact throughout this book: Standards (IFRS and otherwise), Technical tools (XBRL, and object tracking, instrumental in the rapid implementation and effective delivery of standards) and Reporting (which refers to the current understanding of financial reporting, emerging non-financial reporting and the evolving integrated reporting). It is in this latter facet that a new reporting paradigm is extended when object tracking is added.

Target audience

The overall concept map above indicates the necessary breadth and depth of elements contained in this book, which play a fundamental part in supporting current and expected thoughts of a new reporting paradigm. Accordingly, we can see that the various sections of this book are likely to be of particular significance to some people more than to others.

The following table, therefore, indicates which readers are expected to have an affinity with, and interest in, the five main parts of this book.

Reader	Part I	Part II	Part III	Part IV	Part V
Accounting practitioners	•	•	•	•	•
Developers of business reporting	•	•	•	•	•
Deliverers of business reporting	•	•	•	•	•
Standard setters	•	•	•	•	•
IT professionals			•	•	•
Auditors	•	•	•	•	•
Senior executives		•	•	•	•
Senior bureaucrats		•	•	•	•
General public				•	•
Finance professionals	•	•	•	•	•
Academics	•	•	•	•	•
Students	•	•	•	•	•
Company directors			•	•	•
Government officers		•	•	•	•
Politicians			•	•	•
Government ministers			•	•	•
CSR supporters				•	•

Note: Here, CSR denotes corporate social reporting, as well as corporate social responsibility.

Dots denote probable areas of interest for each group of readers.

This book will be of particular use to accounting professionals who have yet to connect the two standards, IFRS and XBRL. This is especially the case when many businesses, including small and medium enterprises (SMEs) and corporations, seek the assistance of accounting services personnel and auditors in implementing IFRS and XBRL. The same can be said for the likes of international accounting professionals, as well as standard setters, who are new to IFRS and XBRL.

In addition, this book will be of use to people with any interest in public or private sector business. Therefore, senior executives, finance and IT professionals, accountants, academics and students will find this book useful, as will any members of the general public who seek a summary of these two influential standards.

Features

The primary strength of this book is that it presents an overview of International Financial Reporting Standards, as well as XBRL, and how this is a perfect partnership for delivering tangible benefits to businesses, governments and a wide variety of stakeholders.

In relation to IFRS, this book reviews the contents of each standard to provide an understanding of what is covered. It also presents key components of the related technological platform which is XBRL. In both cases, specific terminology is explained as a guide and an instructive tool to expand understanding of IFRS and XBRL.

Practically, this book presents short summaries and pertinent commentary to simplify the procedures, components and usage of IFRS and XBRL. It brings into perspective everything swirling around the topical issues of business reporting, particularly regarding future opportunities. It is in relation to the latter point that this book presents a new reporting paradigm, based upon preceding parts of the book, as well as a sound argument for necessary improvements.

Objectives

The purpose of this book is to facilitate crisper thinking in the business community, and society in general, about the intention and usefulness of IFRS and XBRL. It will help people to understand IFRS and XBRL, as well as to decide what they need to do next. For instance, should readers continue with further and deeper learning? Or can any associated tasks be relayed to accounting professionals who know how to apply accounting standards and implement XBRL?

From a business perspective, as suggested earlier, it is noteworthy that knowledge of accounting standards and XBRL can lead to a competitive edge over people who do not have the same comprehension. This is especially so given the increasing need for IFRS in many countries, whether for business reporting or for the facilitation of foreign direct investment or trade. XBRL must become a fundamental part of that process to ensure reporting speed and integrity.

Accordingly, this book is designed to prompt dialogue in any setting, whether in the classroom, the boardroom, the cabinet room, or the workplace, so as to increase constructive conversation about IFRS and XBRL in companies, in the public sector and in the broader community. It does so with the express aim of enhancing the reader's appreciation of IFRS and XBRL as to the requirements that are necessary for important components of private and public sector business reporting.

With all of this in mind, readers will see why business reporting can, should and will, over time, progress through necessary improvements in IFRS and non-financial standards, as well as in the definition, tracking and valuation of objects. In effect, the overarching objective of this book can be said to be the delivery of better business reporting through readers who grasp, and champion, the need for change.

Layout

In order to provide a useful guide to the developers, deliverers and users of business reporting, as well as to all related stakeholders, such as standard setters, this book is comprised of five parts.

- Part I: International Financial Reporting Standards (IFRS)
- Part II: IFRS Disclosures, Other Reporting Standards and Assurance
- Part III: XBRL – Using Technology to Implement Standards
- Part IV: Tracking Objects – a Paradigm Shift in Business Reporting
- Part V: IFRS + XBRL = driving change

These are followed by Abbreviations, References, Links, Publications and Websites. A summary of the five parts is provided below.

Part I: International Financial Reporting Standards (IFRS)

The first section presents an introduction to, and objectives of, International Financial Reporting Standards. Then the second section poses the question: how important are IFRS to business? In responding, this chapter addresses IFRS and legal objectives. The convergence of IFRS and US GAAP is also a topic of conversation, as is reconciliation with respect to US GAAP. Thereafter, a wider ambit is brought in by way of the International Organization of Securities Commissions (IOSCO). This section concludes with the role of regulators and the related enforcement of standards.

The third section looks into the governance and accountability of the IFRS Foundation, particularly its history, structure and finance. The associated monitoring board and trustees of the IFRS Foundation are presented, along with IASB members and the related due process, in addition to the IFRS Advisory Council. This sets a solid base upon which the next section rests.

The fourth section expands upon the framework, preface, standards and interpretations of IFRS. The IFRS are summarised, as are the International Accounting Standards (IAS). The treatment of these standards leads easily into the more recent so-called IFRS for Small and Medium Sized Enterprises. The section concludes with interpretations to those standards which are a part of the authoritative literature pertaining to IFRS.

The fifth section addresses the IFRS Practice Statement Management Commentary, followed by future plans in the sixth section, and new presentation formats, as well as model financial statements, in the seventh section. The eighth section lists the contents of the IFRS *Red Book*, and the ninth section introduces a glossary of IFRS-related terminology. The tenth section introduces the IFRS book index.

Part II: IFRS Disclosures, Other Reporting Standards and Assurance

The first section discusses IFRS disclosures and provides a review of related checklists. The second section focuses upon reporting standards other than IFRS detailed earlier, with particular attention paid to International Public Sector Accounting Standards (IPSAS) and the related overseeing body, the International Public Sector Accounting Standards Board (IPSASB). Standard-based organisations are also reviewed, including the System of National Accounts (SNA), the International Valuation Standards Council (IVSC), the Valuation Resource Group, IEEE, ISO and other standards that are private and voluntary in nature.

Part III: XBRL – Using Technology to Implement Standards

The first section introduces XBRL, discusses the benefits of this standard and identifies major users of XBRL worldwide. It also provides an introduction to XML, which is the technical basis of XBRL. The second section addresses the partnership of XBRL and IFRS, and reflects upon achievements to date. This section also introduces the integral taxonomy, the matter of IFRS translation, and provides a list of support materials, including a glossary of XBRL-related terminology. Future steps are considered in relation to XBRL and the acceptance of this standard by prospective users.

The third section refers to the organising and collection of data and shows examples of illustrative financial statements. The Global Reporting Initiative (GRI) is introduced, together with integrated reporting and the proven prospect of collaborative content analysis. The fourth section looks into systems that are used to organise and collect data, such as enterprise resource planning (ERP). Discussion about opportunities to integrate and track objects concludes the section.

Part IV: Tracking Objects – a Paradigm Shift in Business Reporting

The first section offers a number of topics for consideration in relation to the proposed need for better business reporting. These include changes in technology and also in thinking about what is necessary for business reporting. Developments in new reporting models are discussed, as are asset recognition and de-recognition, as well as the vagaries of financial measurement. A comprehensive business reporting model is proposed, along with a fresh perspective of future business reporting, whereby objects are considered as necessary elements, particularly when clearly defined, tracked and valued.

Part V: IFRS + XBRL = driving change

In concluding our journey of discovery, we finalise our understanding of IFRS and XBRL with particular attention to the issues and obstacles that hamper progress of acceptance and implementation in both cases. Additional, topical issues are also presented. This part therefore provides critical commentary on what is in the way of driving necessary business reporting change further, and faster.

PART ONE

International Financial Reporting Standards (IFRS)

TIPS FOR READERS

One of the most noteworthy business reporting developments in the history of accounting is the drafting, distribution and usage of International Financial Reporting Standards. This significant initiative, as the naming suggests, has standardised the principles of financial reporting. As a direct result, there is greater integrity in the use of business reports that, in turn, has a positive impact on subsequent decision making.

In addition, the application of IFRS has facilitated reliable comparative analysis between reporting entities within the same industry or geographical location. Of course, on that basis, dependable comparisons can also be conducted across national borders, through the availability of IFRS translations, to enable usage internationally.

It is noteworthy that these Standards are historically grown, which has led to the inclusion and mix-up of objects/items and valuation.

Summary

The first section presents an introduction to, and objectives of, International Financial Reporting Standards. The second section poses the question: how important are IFRS to business? In responding, the text addresses IFRS and legal objectives. The convergence of IFRS and US GAAP is also a topic of conversation, as is reconciliation with respect to US GAAP. Thereafter, a wider ambit is brought in by way of the International Organization of Securities Commissions (IOSCO). This section concludes with the role of regulators and the related enforcement of standards.

The third section looks into the governance and accountability of the IFRS Foundation, particularly its history, structure and finance. The associated monitoring board and trustees of the IFRS Foundation are presented, along with IASB members and the related due process, in addition to the IFRS Advisory Council. This sets a solid base upon which the next section rests.

The fourth section expands upon the framework, preface, standards and interpretations of IFRS. The IFRS are summarised, as are the International Accounting Standards (IAS). The treatment of these Standards leads easily into the more recent, and so-called, IFRS for Small and Medium Sized Enterprises and the section concludes with interpretations to those Standards which are a part of the authoritative literature pertaining to IFRS.

The fifth section addressees the IFRS Practice Statement Management Commentary, followed by future plans in the sixth section, and new presentation formats, as well as model financial statements in the seventh section. The eighth section lists the contents of the IFRS *Red Book*, and the ninth section introduces a glossary of IFRS-related terminology. The tenth section introduces the IFRS book index.

Target audience

The overall concept map shown in the introduction indicates the necessary breadth and depth of elements in this book which play a fundamental part in supporting current and expected thoughts of a new reporting paradigm. Accordingly, we can see that the various sections of this book are likely to be of particular significance to some people more than to others.

Readers who are expected to have an affinity with, and interest in, Part I of this book include:

- accounting practitioners
- developers of business reporting
- deliverers of business reporting
- standard setters
- auditors
- finance professionals
- academics
- students.

CHAPTER ONE

Introduction to and objectives of IFRS

INTERNATIONAL FINANCIAL REPORTING IS ON THE MOVE, and common world-wide business and financial reporting formats are developing. The recent so-called global financial crisis emphasises the need for financial reporting standards. In effect, International Financial Reporting Standards can be a precursor and an example for a much needed global framework for financial and legal standards.

The goal of the IFRS Foundation (IFRSF) is to develop a single set of high-quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated accounting principles.

As of 2005, the European Union (EU) requires all publicly traded entities in member states to prepare their consolidated financial statements under IFRS. These accounting standards may differ significantly from the US-based Generally Accepted Accounting Principles (GAAP) previously applicable.

More than 150 countries now require the application of IFRS in one form or another. The International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB) are actively pursuing convergence projects. China, India, Japan and other countries have been agreed upon convergence. In May 2012, the Pan African Federation of Accountants

(PAFA) – representing 34 African nations – made a broad policy resolution to adopt IFRS, IPSAS and ISA.

Once global convergence is completed by the IASB, financial statements will be fully comparable worldwide. Needless to say, accounting and financial reporting changes have an impact on capital markets and on critical financial measures, such as profits, earnings per share, valuation of assets and credit ratings. This overview is designed to provide an understanding of the basic issues when people are reporting using IFRS, such as the following:

Corporate

- How are business combinations accounted for under IFRS 3?
- What further changes are planned regarding measurement, such as the application of fair value?
- How are goodwill and other intangibles accounted for?
- How does adopting IFRS in separate financial statements affect distributable profits?
- What are the new rules when accounting for pensions and stock options under IFRS 2?

Banking and capital markets

- How are financial covenants affected by moving to IFRS?
- What is the impact of IFRS on performance indicators, such as EBITDA (earnings before interest, taxes, depreciation and amortisation) finance costs, net debt and net worth?

Tax

- How is tax affected by adopting IFRS in separate financial statements?
- What is the impact of IFRS on de-recognition of financial assets and off-balance sheet arrangements?

The first section of this chapter provides an overview of the International Accounting Standards Board and its predecessor, the International Accounting Standards Committee (IASC). It explains the history, organisation, structure and funding, and provides a list of key members and thought leaders. In addition, it outlines what the IASB has achieved so far and gives an idea as to where the IASB is heading.

The body of this chapter presents a summary of the individual International Financial Reporting Standards and International Accounting Standards

(IAS) as originally developed by the IASC. Obviously, for a more detailed discussion, the reader should always refer to the original pronouncements (the full set of Standards), which include implementation guidance and the basis for conclusions by the board. A full set of Standards (approximately 3,000 pages) is published annually, in different versions and languages, by the IASB. For electronic updates, see www.ifrs.org.

One of the major accomplishments of the new organisation, the IASB, is the development of standards for small and medium-sized enterprises (IFRS for SMEs). An overview on these standards is provided, too.

Interpretations play an important role in the implementation and use of the standards. They apply to certain sections of the standards and require a highly technical understanding and knowledge of IFRS. In legal cases, where interpretations are involved, it is recommended that the history and exposure drafts for the development of the interpretations are reviewed.

Reconciling differences between existing accounting principles is one of the main topics lawyers must understand. Therefore, reconciling items between US GAAP and IFRS are explained. Of course, regulators play an important role in the enforcement of IFRS. Their international involvement through the IOSCO (International Organisation of Securities Commissions) is important for the future development of the Standards.

Adoption of IFRS has increased dramatically in recent years. It is estimated that more than 150 countries apply the standards in full, or corporate entities in those countries are permitted to use them, or apply them partially. In this regard, the EU can be considered a role model and pioneer in the adoption of IFRS.

At the same time, related and supplemental business and financial reporting standards are developed by different international organisations, such as the IFAC (International Federation of Accountants), IPSAS (International Public Sector Accounting Standards) and GRI (Global Reporting Initiative). A brief overview of these organisations, and their associated activities, appears in later sections.

It is worth noting that technology is the main driver for globalisation. It plays an important part in the implementation of IFRS. Several tools were developed in conjunction with educational materials, checklists and model financial statements. These are often presented at seminars and conferences.

The localisation of the standards, as facilitated by translation, is another key factor for the adoption of standards. A brief description of the IASB translation policy is provided. Finally, the future application of IFRS is heavily influenced by advances in technology. As in other sectors, such as worldwide logistics, 'barcoding' of financial information is now a major topic for discussion. Extensible Business Reporting Language (XBRL), based on XML, will bind together all the members of the business reporting supply chain and eliminate re-keying of finance and accounting information. The IFRS – XBRL taxonomy, available in multiple formats and languages, is important in the further adoption and development of standards.

Jointly with the US FASB, the IASB has a heavy Work Plan and related guidance, such as new presentation formats and management commentary.

At the end of this book, the reader can find lists of helpful resources, such as checklists, references to publications, websites and abbreviations. In the next chapter we look at the importance of IFRS to business.

It is also noteworthy that, associated with IFRS material throughout this book, in relation to all images, abstracts, screenshots and related text, the following applies:

CHAPTER TWO

How important are IFRS to business and global acceptance?

FOR YEARS, LEADERS IN WORLDWIDE CAPITAL MARKETS as well as the US capital markets were anxious to develop a global set of financial reporting standards to improve the comparison of international financial data. In recent years, this effort has accelerated as investments by US investors increased significantly. The US capital markets include thousands of US firms that invest in non-US companies, either through acquisition or direct investment. As such, millions of individuals and trust funds invest in non-US companies, either directly or indirectly, through investments in mutual funds. Generally, hedge funds are made up of international investments. Furthermore, there are approximately 1,000 foreign private issuers that file with the Securities and Exchange Commission (SEC).

In the so-called preface to IFRS, the IASB sets out its mission and objectives, the scope of IFRS due process for developing IFRS and interpretations, and policies on effective dates, format and language for IFRS. In particular, the IASB's objectives are:

a) to develop, in the public interest, a single set of high-quality, understandable and enforceable global accounting standards that require high-quality, transparent and comparable information in financial statements and other financial reporting to help participants in the world's capital markets and other users make economic decisions;

b) to promote the use and rigorous application of those standards;
c) in fulfilling the objectives associated with (a) and (b), to take account of, as appropriate, the special needs of small and medium-sized entities and emerging economies;
d) to bring about convergence of national accounting standards and International Accounting Standards and International Financial Reporting Standards to high-quality solutions.

Thus it should be clear that IFRS will become important for business reporting and that convergence will happen in one form or another. No doubt convergence will be achieved using technology instead of integrating conceptual standards. Examples are the US codification process of US GAAP and the use of XBRL industry-specific taxonomies.

From a legal objectives standpoint, it will be important to watch the convergence process through the eyes of the reconciliation process. However, since foreign filers and Canadian companies are now allowed to file their 20F in IFRS, this will be a less important tool than in the past. More interesting will be the coordination and work of regulators, as well as the progress of worldwide adoption of IFRS.

2.1 IFRS AND LEGAL OBJECTIVES

The transition from US GAAP, and other accounting principles, to IFRS is much more than an accounting exercise. Examples in other countries have shown far-reaching implications in various areas, such as regulatory, tax, organisation (compensation, cash management, etc.) and legal consequences.

Many companies have contractual agreements that contain financial covenants and other financial provisions. The calculation of ratios under IFRS might be different and could force the entity to keep dual accounting systems until contracts are renegotiated. Areas that require a critical review would include real-estate contracts (including property leases), business combinations and accounting for financial instruments. From a legal viewpoint, IAS 37 (*Provisions, Contingent Liabilities, and Contingent Assets*) is probably one of the most important standards to comprehend.

Tax issues are another area of concern. IFRS does not allow the last-in/first-out (LIFO) method of accounting for inventories. Unless the conformity requirement is changed by legislation, entities face a tax cost due to a realised gain on reserves in inventories.

There are a large number of references to US GAAP in contracts, legislation and the Internal Revenue Code. To make the Code compatible with IFRS reporting, either the Internal Revenue Service must revise its interpretations of the Code or other legislation has to be enacted.

The various US laws require much more, or different, disclosures than what is required under IFRS. This might include Form 10-K, its proxy information statements or very specific requirements for certain industries. Last, but not least, the transition from US GAAP to IFRS will impact the internal control system and touch on requirements of the Sarbanes – Oxley Act of 2002.

IFRS reporting requires added disclosure through more forward-looking statements and different accounting for provisions. Needless to say, the extent of potential litigation problems will be the most difficult to judge in advance. The IASB has issued an exposure draft 'management commentary' that will not be issued as a standard but includes a large amount of guidance on additional business disclosure.

Literacy of IFRS in the governance function (board of directors, top management) of an entity is probably one of the most overlooked aspects of successful adoption of IFRS. If this knowledge is not available in the upper echelon of business, legal objectives cannot be accomplished.

2.2 CONVERGENCE OF IFRS AND US GAAP

Discussions on applying one set of financial reporting standards have focused on the words adopting, converging, endorsing and implementing. Lately, a new word, 'condorsement', was created and is in use. By merging the ideas of convergence and endorsement, IFRS would be incorporated into US GAAP through a lead by the FASB instead of the IASB, that is, condorsement. The SEC has had numerous positions on this issue in the past and even issued a roadmap to convergence. For an update see 'Commission Statement in Support of Convergence and Global Accounting', 2010, as per www.sec.gov/rules/other/2010/33-9109.pdf.

The most successful implementations call for a fixed timetable for the various stages of adoption. A good example is Canada's move to IFRS. It includes all aspects of conversion, such as education and training, changing legislation and other legal and tax considerations, translation (into French) of the standards and building an extended XBRL taxonomy.

The US SEC and jointly the IASB and the FASB have issued numerous releases and agreements relating to convergence. Timetables on the understandings were never adhered to and are constantly pushed forward. In 2010 the FASB and IASB again reaffirmed their commitment to improving IFRS and US GAAP and achieving their convergence. They committed to providing transparency and accountability regarding projects by reporting quarterly on progress and making those reports available on their respective websites.

However, as mentioned in other parts in this section, the authors believe that convergence between IFRS and US GAAP will be achieved through technology and not by wording individual standards, unless the US is adopting the full set of IFRS similar to Canada.

In September 2011, the Private Sector Taskforce of Regulated Professions and Industries (PSTF) issued its final report to the G-20 called 'Regulatory Convergence in Financial Professions and Industries'. Establishment of the PSTF was coordinated by the IFAC. It comprises representatives from private sector organisations of professions and industries that are subject to regulation, and operate within the financial sector.

In addition to IFAC, the membership of the taskforce is comprised of:

- CFA Institute (CFA I)
- INSOL International
- Institute of International Finance (IIF)
- International Accounting Standards Board (IASB)
- International Actuarial Association (IAA)
- International Corporate Governance Network (ICGN)
- International Insurance Society (IIS)
- International Valuation Standards Council (IVSC).

The report includes 15 recommendations on the financial service industry and identifies gaps in regulatory convergence by industry, as summarised by the following topics:

- Accounting Profession – Financial Reporting
- Accounting Profession – Auditing and Public Sector Accounting
- Actuarial Profession and Insurance Industry
- Corporate Governance
- Financial Services Industry
- Investment Management and Analysis Profession

- Restructuring and Insolvency Profession
- Valuation Profession.

Some major economies have yet to commit fully to IFRS for domestic companies but have processes under way (e.g. China, India, Japan, the US). In India some 'carve-outs' from standards are being proposed, which means the IFRS will not be fully adopted. Japan has deferred its decision on convergence with IFRS, while the process of convergence between IFRS and US GAAP has been ongoing for several years. The IASB and the FASB have made significant progress towards convergence and have completed most of the projects on their Memorandum of Understanding (MoU). However, the boards had not completed the remaining three projects, including financial instruments, as initially anticipated by the end of 2011. In addition, the US SEC has yet to confirm its decision on the adoption of IFRS, which in turn may be impacting or delaying convergence plans in some other countries.

Some notable differences remain between the reporting requirements of IFRS and US GAAP. One example that creates considerable concern for financial institutions relates to netting or offsetting arrangements. In 2011 the IASB and the FASB attempted to align the financial reporting requirements relating to the offsetting of financial assets and liabilities. The boards were not successful, partly because the existing differences have been institutionalised in their respective jurisdictions. It would be beneficial to have the offsetting requirements aligned for both financial reporting and prudential reporting purposes. An example of differences resulting from an existing relationship between financial reporting and regulations relates to taxation. In the US a particular basis for measuring inventory (called LIFO) is permitted for taxation purposes if an entity also uses that basis for financial reporting purposes. LIFO generally reduces the tax base, which is why entities elect to use this approach. LIFO is permitted in US GAAP but not in IFRS. There is limited support for LIFO as a financial reporting basis. However, eliminating LIFO from US GAAP would change the tax basis for those companies and create potentially significant tax liabilities for them. This is widely perceived to be an impediment to removing LIFO from US GAAP. Yet it is an impediment that could be removed easily, by decoupling or changing the link between the financial reporting and taxation requirements.

IFRS were originally developed for industrial companies, not for the financial service sector. There is still no complete standard for insurance companies. Object tracking, due to securitisation of financial instruments and other supply chain factors, is complicated and the use of different currencies for valuation makes accounting very difficult.

2.3 RECONCILIATION TO US GAAP

Approximately 1,000–1,150 (down from prior numbers, as there is a de-listing trend) of the 12,000 companies registered with the SEC are non-US companies. A foreign registrant may submit financial statements that conform to US GAAP or financial statements that conform to International Financial Reporting Standards as adopted by the IASB (that is, not jurisdictional adaptations of IFRS) without needing to provide reconciliation to US GAAP. Alternatively, a foreign registrant may submit financial statements prepared using its national GAAP or using a jurisdictional adaptation of IFRS (such as IFRS as adopted by the EU). Then, however, a reconciliation of earnings and net assets to US GAAP figures is required. This is normally done on Form 20F.

Current major differences between IFRS and US GAAP are presented in Table 2.1 for ease of comparison.

Taxes (deferred taxes, IAS 12) will nearly always be a reconciliation item since book-to-tax differences have a flow-through effect on taxes.

A difficult and very technical area of reconciliation exists for financial instruments and derivatives (IAS 39, IFRS 9 and others). Detailed literature on identifying IFRS/US GAAP differences for financial institutions is available from the large accounting firms.

Over the last several years the FASB has worked on a project codifying the US financial reporting literature. The codification reorganises the thousands of US GAAP pronouncements into roughly 90 accounting topics and displays all topics using a consistent structure. It includes relevant SEC guidance that follows the same topical structure in separate sections in the codification. This again is aligned to the US XBRL taxonomy (see the relevant section in Part III).

Unfortunately, IFRS to this date have not been codified. Once this is completed, US GAAP and IFRS financial statements will be much easier to reconcile and compare.

Note that, as we go to press, there is considerable discussion arising from the release of a less than positive Staff Report issued by the SEC, with this being *Work Plan for the Consideration of Incorporating International Financial Reporting Standards into the Financial Reporting System for U.S. Issuers – Final Staff Report*, Office of the Chief Accountant, United States Securities and Exchange Commission, 13 July 2012. For additional information, see www.sec.gov/spotlight/globalaccountingstandards.shtml, as well as www.sec.gov/spotlight/globalaccountingstandards/ifrs-work-plan-final-report.pdf for the actual report.

TABLE 2.1 Major differences between IFRS and US GAAP.

Topic	US GAAP	IFRS
Revenue recognition	To be recognised, revenue must be either realised or realisable and earned; guidance is industry specific.	Assesses the probability that economic benefits associated with a transaction will accrue to the entity and that revenue and costs can be appropriately measured; guidance not industry specific.
Intangible assets	Must be written down if value has fallen, but cannot be written up.	Permits assets to be written up when an active market exists.
Asset impairment	Mandates two-step process that analyses undiscounted cash flows and compares that to fair value.	Single-step process in which asset's value is adjusted to its recoverable amount.
Inventory	Allows FIFO, LIFO, average and standard cost methods.	Prohibits LIFO, allows other methods.
Research and development	Must be expensed as incurred.	Allows development expenses to be capitalised.
Consolidation of entities	Entities must be consolidated if one entity has a controlling financial interest over another.	Consolidation based on whether one entity has the power to control another via financial and operating policies.
Property, plant and equipment	Valued at historical cost.	Can be re-valued to reflect fair values.

2.4 IOSCO, REGULATORS AND ENFORCEMENT

Due to pressure as a result of the financial crises, independence questions and to secure future funding, the IFRSF created a monitoring board consisting of public regulators. The International Organisation of Securities Commissions, based in Madrid, is the worldwide association of national securities regulatory commissions, such as the Securities and Exchange Commission in the United States, the Financial Services Authority in the United Kingdom, and 100 or so other similar bodies. IOSCO is recognised as the leading international policy forum for securities regulators.

IOSCO looks to the IASB to develop International Financial Reporting Standards that IOSCO members can rely on for use in their jurisdictions. IOSCO has consistently supported the further development of IFRS through recommendations, endorsements and agreements. Accounting issues are dealt with through IOSCO's Technical Committee, a specialised working group established by IOSCO's Executive Committee. It is made up of 15 agencies that regulate some of the world's larger, more developed and internationalised markets. Its objective is to review major regulatory issues related to international securities and futures transactions and to coordinate practical responses to these concerns.

On 22 February 2010, the IOSCO Technical Committee published a report entitled 'Principles for Periodic Disclosure by Listed Entities'. The report includes a set of recommendations for disclosures that could be provided in the periodic reports, particularly annual reports, of entities whose securities are listed or admitted to trading on a regulated market in which retail investors participate. The disclosure principles also cover other issues related to periodic disclosure, such as the timeliness of disclosures, disclosure criteria and storage of information. The principles are intended to provide a useful framework for securities regulators that are reviewing or revising their regulatory disclosure regime for periodic reports.

The report identifies the following principles as essential for any periodic disclosure regime:

- Periodic reports should contain relevant information (the IOSCO report elaborates on this principle in considerable detail).
- For those periodic reports in which financial statements are included, the persons responsible for the financial statements provided should be clearly identified, and should state that the financial information provided in the report is fairly presented.
- The issuer's internal control over financial reporting should be assessed or reviewed.
- Information should be available to the public on a timely basis.
- Periodic reports should be filed with the relevant regulator.
- The information should be stored to facilitate public access to the information.
- There should be disclosure criteria (including fair presentation, not misleading, no material omissions, clear and concise language).
- There should be equal access to disclosure by all investors at the same time.

- There should be equivalence of disclosure in all markets in which the entity is listed.

IOSCO's wide membership regulates more than 90 per cent of the world's securities markets and IOSCO is the world's most important international cooperative forum for securities regulatory agencies.

IOSCO aims, through its permanent structures, to:

- cooperate to promote high standards of regulation in order to maintain just, efficient and sound markets;
- exchange information on their respective experiences in order to promote the development of domestic markets;
- unite efforts to establish standards and an effective surveillance of international securities transactions;
- provide mutual assistance to promote the integrity of the markets by a rigorous application of the standards and by effective enforcement against offences.

Worldwide enforcement is still an emerging area. Progress was made by signing a multilateral MoU concerning Consultation, Cooperation and the Exchange of Information in January 2010. For further information, see www.fsa.gov.uk/pubs/mou/fsa_sec.pdf.

At this point, it is worthwhile understanding something of the governance and accountability of the IFRS foundation, outlined in the next chapter.

CHAPTER THREE

Governance and accountability of the IFRS Foundation

3.1 HISTORY, STRUCTURE AND FINANCE

The IFRS and IAS are developed and published by the International Accounting Standards Board, an international non-governmental organisation operationally based in London but legally registered as a not-for-profit entity in Delaware, USA.

The IASB was preceded by the International Accounting Standards Committee, also London based. On 29 June 1973, the IASC was founded by nine professional accountancy bodies from the United States, the United Kingdom/Ireland, Canada, Australia, Japan, Germany, France, Mexico and the Netherlands. Actually, the roots go back to 1966. At that time, there was a proposal by professional accountancy bodies in Canada, the United Kingdom and the United States to create an Accountants International Study Group to develop comparative studies of accounting and auditing practices in the three nations. So, clearly, the effort began as an IFRS Anglo-Saxon initiative. Of course, much has happened since then.

The main objectives of the former IASC were to formulate and publish, in the public interest, accounting standards to be observed in the presentation of financial statements, and to promote the worldwide acceptance and observance of such standards. Furthermore, the general purpose of that organisation was to work for the improvement and harmonisation of regulations, accounting standards and procedures relating to the presentation of financial statements.

The IASC enters the electronic age

The IASC entered the electronic age when a website was started in 1997. Even before discussions concerning the opening of board meetings to the public, the IASC had launched its own website and also initiated the distribution of board agenda papers by electronic mail. Commercial Director Kurt Ramin encouraged Paul Pacter to develop the website. In an agenda paper to the Executive Committee, April 1997, Ramin wrote: 'This (Web-Page) will open opportunities for us to receive orders for publications via e-mail, distribute news-bytes and board papers, as well as to provide a forum for technical committee meetings'. Ramin attached a note from Pacter:

> IASC will launch its Internet web site any day now. It will contain about 130 pages of information written by Paul Pacter and converted to Internet format by a consultant. Paul will maintain it. The permanent address will be: http://www.iasc.org.uk. . .
>
> IASC now has its own Internet domain name (iasc.org.uk) and shortly will change its main email address to iasc@iasc.org.uk. Emails sent to the old address will automatically forward to the new one. Individual email addresses for IASC staff (for example, kramin@iasc.org.uk) are installed, but their use must await hardware and wiring, probably when we move to our new facility.
>
> *Source: The International Accounting Standards Committee: A Political History*, by Robert J. Kirsch, published in February 2007 by WoltersKluwer, pp. 262–263. Reproduced by permission of Robert J. Kirsch.
>
> *Note:* Kurt Ramin is co-author of this book. At the time of writing Paul Pacter is on the International Accounting Standards Board.

Interestingly, the original IASC website subsequently gave birth to the IAS Plus website. Note that IAS Plus is purported to be the leading website for global accounting news and provides a wealth of information. (www.iasplus.com – see Figure 3.1). Particularly, see the related site map, which is extensive and is summarised next:

- IFRS News
  - Chronology of Past News

- Standards
  - IFRSs
  - IASs
- Interpretations
  - IFRIC Final Interpretations
  - SIC Final Interpretations
  - IFRIC Agenda Projects
  - SIC Drafts Not Finalised
- IASB Agenda
  - Agenda Consultation
  - Active Agenda Projects
  - Research Projects
  - Technical Corrections
  - Completed Projects (IASB)
- IASB Structure
  - Overview
  - Key Groups
- Newsletters
- Financial Statements
- Links

The site provides a useful synopsis of IASB history and structure (see www.iasplus.com/en/resources/resource382) and is a rich source of useful reference material.

FIGURE 3.1 The IAS Plus website.

The IASB's objective

The objective of the IASB is to develop a single set of high-quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated principles. The former IASC worked from 1973 to 2000 to accomplish those objectives. It promulgated a substantial body of standards (IAS 1 to IAS 41), interpretations, a conceptual framework and other forms of guidance.

In comparison, the IASB is organised under an independent foundation and is now named the International Financial Reporting Standards Foundation. Incorporated in the state of Delaware, USA, on 6 February 2001, the IFRS Foundation is a not-for-profit charitable organisation, with its primary operations located in London. It pursues its objective by way of:

- an independent standard-setting board, overseen by a geographically and professionally diverse body of trustees which is publicly accountable to a monitoring board of public capital market authorities;
- support by an external IFRS Advisory Council and an IFRS Interpretations Committee to offer guidance where divergence in practice occurs;
- a thorough, open, participatory and transparent due process;
- engagement with investors, regulators, business leaders and the global accountancy profession at every stage of the process;
- collaborative efforts with the worldwide standard-setting community.

Figure 3.2 shows a schematic overview of the structure of the organisation.

Governance and accountability arrangements of the organisation

The IFRSF and its independent standard-setting body, the IASB, provide public accountability through the transparency of their work, consultation with the full range of interested parties in the standard-setting process and their formal accountability links to the public. The leaders of the major economies, through the G20, have confirmed the importance of an independent standard setter accountable to the public interest.

Public accountability, ensured by the organisation's constitution and governance arrangements, is vital to the organisation's success. It is the trustees' duty to ensure that appropriate governance arrangements are in place and observed by all parts of the organisation. To read more about the trustees' responsibilities, see www.ifrs.org/The+organisation/trustees /Trustee+responsibilities/Trustee+responsibilities.htm.

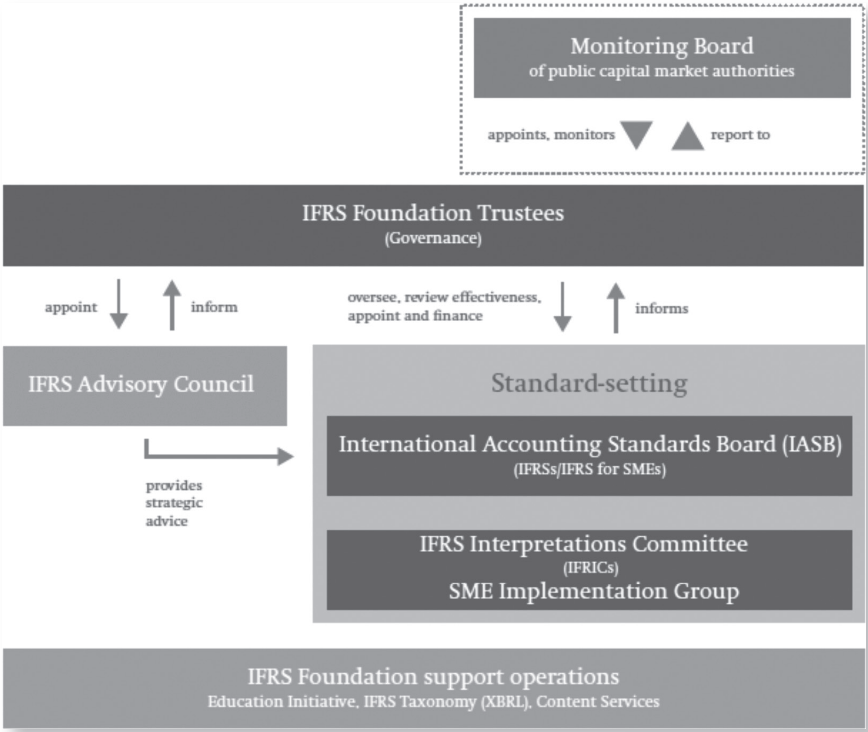


FIGURE 3.2 A schematic overview of the structure of the IASB.

Source: www.ifrs.org/The+organisation/How+we+are+structured.htm

The trustees' effectiveness in exercising their functions is assessed annually by the trustees' Due Process Oversight Committee (DPOC). For more details see www.ifrs.org/DPOC/DPOC.htm.

The cornerstones of the organisation's public accountability are as follows.

The monitoring board

The trustees have established a formal public accountability link to a monitoring board of public capital market authorities.

The constitution review

The constitution of the IFRSF requires the trustees to undertake a formal, public, five-yearly review of the constitution.

Due process

Formal due process for the IASB, the IFRS Interpretations Committee and XBRL ensures extensive outreach, which includes mandatory public consultation. Comment letters received in response to formal proposals are made public on the website.

Public meetings

All meetings (other than those on administrative matters) of the bodies of the IFRS Foundation, including the IASB, the Interpretations Committee and its formal advisory bodies, are held in public and are webcast. Meeting notes are available to the public as observer notes.

Finance

The IFRSF issues annual financials, including a management report, expected financing, report of the independent auditors (BDO LLP, London) and detailed notes to the financial statements. The latest related opinion reads: 'In our opinion the financial statements:

- Give a true and fair view of the state of the Foundation's affairs as at 31 December 2011 and of its comprehensive income for the year then ended; and
- Have been properly prepared with International Financial Reporting Standards.'

Both the IFRS Foundation and the US Financial Accounting Foundation (FAF) are well financed. As is typical with service organisations, most expenses are people related. Annual reports for both organisations are published after year end (with an associated lag of 4–5 months).

The IFRSF receives widespread contributions and funds from major countries around the globe and also from the sale of publications. However, currently, more than half of the funding is provided by large accounting firms and financial institutions. The FAF, mainly, is now financed through the US SEC and by the sale of publications.

It is interesting to note that salary and benefits scales for both organisations are similar to what large accounting firms pay in the UK and the US. For instance, board members are highly paid, as illustrated in an excerpt from the 2010 annual report:

In 2010, the total cost for 14.8 full-time equivalents (2009: 14.0 full-time equivalents) IASB members amounted to £6,759,000 (2009: £6,269,000). In July 2010, effective for October 2010, the trustees approved the following remuneration budgets:

£553,350 (includes per diem allowance) per year for the IASB Chair (2009: £493,990, excludes per diem allowance) and £457,950 (includes per diem allowance) per year for full-time members (2009: £401,370, excludes per diem allowance).

The reason for the relatively high remuneration payments are competition for people with the large accounting firms and similar salaries paid by the FASB.

Source: Financial Report, www.ifrs.org

Note: The IFRSF 2011 Annual Report became available shortly before we went to print.

The following summary shows how the IFRS is funded in terms of principles and practices.

Principles

Broad-based:
Funded by a wide range of market participants from across the world's capital markets.

Compelling:
Funding burden to be appropriately shared across beneficiaries within jurisdiction, with official support from relevant regulatory authorities.

Open-ended:
Not contingent on any particular action that would impair the independence of the organisation.

Country-specific:
Shared by the major economies of the world on a proportionate basis, using Gross Domestic Product as the key determining factor of measurement.

Practice

- Mandatory levies introduced for listed and non-listed companies in a growing number of countries.
- Organisation now funded by thousands of bodies either directly or indirectly.

Source: Adapted from www.ifrs.org, 'Who we are and what we do'

The key financial figures for the IFRSF as compared with the Financial Accounting Foundation (FAF) in US$ are shown in Table 3.1.

TABLE 3.1 Financial figures for the IFRS Foundation and the FAF.

	IFRS Foundation 2010 ($ million)	FAF 2010 ($ million)
Revenue	36.4	49.1
Net assets	12.3	68.3
Cash, bonds, investments	11.7	75.6

Source: www.accountingfoundation.org
Note: For currency conversion £1 = $1.60

Since the establishment of the monitoring board, it is noteworthy that there is now also a trend for the IFRSF to obtain more funding through public sources. Other financial considerations are fees and expenses, as detailed below.

Fees

- For an IASB member, the fee is £5,000 per day or part day.
- For technical staff, the fee is £1,500 per day or part day.
- These amounts are indivisible and non-negotiable, and are payable if one or more speeches or appearances are made in a day at an event.
- For 'exclusive arrangements' in corporate events organised jointly with major firms or multinational corporations, the IFRS Foundation may seek a discretionary fee, typically £20,000, in addition to the amounts stated earlier.

Expenses

- Travel, accommodation and related expenses incurred by an IASB member or a member of the technical staff in relation to a speaking engagement are the responsibility of the conference organiser that invited the speaker.

Source: Financial Report, www.ifrs.org

Funding history

How the IFRS Foundation gained funding is a story in itself and one that is worth recounting, if only to show what was required to secure the continuance of this key component of international accounting, as well as of the resultant business reporting.

As commercial director of the IASB, Kurt Ramin was part of the strategy party in charge of preparing the first budget for the IFRSF and raising funding, which he had started in 2009. Here is the story:

> I went to the FASB in Norwalk and copied all their salaries (from board members to key people). Since the FASB just finished a funding consulting exercise, I asked them whether I could contact the funding companies they had talked to. Only one was recommended by the FASB president at that time. The company was CCS in New York. They really did not want to do it for us. But I chased them all over the place and, finally, caught up in Dublin (with the help of Kathryn Cairns from the UK standards board, ASB). They agreed to it.
>
> I also threatened the City of London that we would move the IASB to Amsterdam or Bonn (I had offers from them for 'rent-free' accommodation as long as we were in their city). The next day, I had a £4 million commitment from the City of London if we would stay there.

It is noteworthy that Kurt Ramin worked closely with Paul Volcker, former chairman of the US Federal Reserve Bank. The following extract provides further insight as to the people and processes involved with establishing the IFRS Foundation.

> At the 30 October 2000 trustees meeting, a discussion of the new IASC's legal incorporation and tax base took place. Chairman Volker [*sic*] suggested establishing a 501 (c) 3 charitable corporation (potentially in Delaware) since a large portion of IASC's funds were expected to come from US contributors. Such a corporation would enable US supporters to deduct their contributions for tax purposes, and it would enable the IASC to reduce its tax burden from investments and operational revenues. (The reader will recall the failed attempts by the old IASC to be awarded charitable status in the UK in years past.) Volker [*sic*] also said that the Corporation of London had sent him a proposal for development of a competitive package to keep IASC headquartered in the City.
>
> The 'trustees nominating committee' 52 held interviews for new board members in three locations, London, New York and Tokyo, in October and November 2000. Approximately 200 applications had been received; fifty applicants were interviewed. Sir David Tweedie was a participant observer at those interviews. The trustees announced the names of the new Board on 25 January 2001.
>
> . . .

On 21 July, Volker [*sic*] faxed his response to Minter:

There is no doubt that the decision to appoint Sir David Tweedie as Chairman of the new IASC Board was taken promptly. . . .[T]wo circumstances greatly impressed the trustees, and me personally, in reaching that decision. The first was . . . the enormous advantage to making an early appointment in facilitating the organisational work ahead if we were even to come close to meeting the end of year timetable . . .

Secondly, the trustees became convinced that by experience, reputation and competence,

Sir David was exceptionally well suited to the position. . . .

. . .trustees are totally resolved to make an open and intensive search for other Board members...Part of the search will certainly involve contact with broadly representative and interested organisations, including your own. . . .

. . .

. . . the fourteen Board members were either representatives or observer members of the old Board. Thus, there was significant continuity of members from the old Board to the new. The 'trustees finance committee' agreed upon a detailed strategy by October 2000. In a few months, they then generated commitments of over $75 million over five years; Volker [*sic*] had done a lot of the fundraising himself. Fundraising activities were going sufficiently well that, on the 11 December 2000, the trustees unanimously authorized Volker [*sic*] to enforce Part B of the *Constitution* when the Finance Committee was confident that the IASC could raise the required funds. In the IASC's 2001 Annual Report, Volker [*sic*] was able to report:

. . . [T]he trustees needed to ensure adequate financial commitments to cover the annual operating budget of about £11.5 million (US $16.5 million). The budget was largely determined by the need to pay salaries that would attract qualified Board and staff members and by the rather heavy travel costs of an organisation that must regularly consult constituents around the globe. . . . In order to obtain rapid assurance that the new organisation could proceed expeditiously and confidence about its financial stability, the IASC Foundation established

an 'underwriter' class of supporter of major international financial and business firms. Underwriter companies provided five-year pledges ranging from $100,000 to $200,000 per year. . . .

. . . I am delighted to report that the funding program to date has been a solid success. In addition to the underwriting group, the 'Big Five' accounting firms have committed nearly a third of the estimated budget. Over 30 central and development banks around the world have provided tangible, as well as moral, support. Official international financial institutions have joined the financing effort. A large number of the world's leading multinationals are on board. Finally, demonstrating the depth of support in many regions, leading business groups in Europe, Japan, and the United States have formally endorsed the effort and provided financial assistance. In total, 188 corporations, associations, and other institutions provided financial support, totalling £12.8 million (US $18.3 million) in 2001.

Source: The International Accounting Standards Committee: A Political History, by Robert J. Kirsch, published in February 2007 by WoltersKluwer, pp 359–360. Reproduced by permission of Robert J. Kirsch.

Note: Paul Volcker is incorrectly spelled in the source as Paul Volker. Also, note that FASB President should read FAF President, referring to the Financial Accounting Foundation.

3.2 THE MONITORING BOARD AND IFRS FOUNDATION TRUSTEES

Monitoring board

The monitoring board was formed in 2009 to enhance the public accountability of the IFRS Foundation. The board can refer accounting issues to, and will confer regarding these issues with, the trustees and the IASB chair. The monitoring board can request a meeting with the chairpersons of the trustees and the IASB.

The monitoring board's main responsibilities are to ensure that the trustees continue to discharge their duties as defined by the IFRSF Constitution, as well as approving the appointment or reappointment of trustees. It is envisaged that the monitoring board will meet the trustees at least once a year, or more often if appropriate.

The members of the monitoring board are the Emerging Markets and Technical Committees of IOSCO, the European Commission, the Financial Services Agency of Japan (JFSA) and SEC. The Basel Committee on Banking Supervision participates in the monitoring board as an observer.

The board's charter and other related information (working with the G20) is housed at the IOSCO website, indicating the importance of the relationship with public authorities (see www.iosco.org/monitoring_board/pdf/Monitoring_Board_Charter.pdf).

IFRS Foundation trustees

Trustees of the IFRSF promote the work of the IASB and rigorous application of IFRS, but are not involved in any technical matters relating to the standards. This responsibility rests solely with the IASB. Trustees are appointed for a renewable term of three years. Each trustee is expected to have an understanding of, and be sensitive to, international issues relevant to the success of an international organisation responsible for the development of high-quality global accounting standards for use in the world's capital markets and by other users.

There are currently 22 trustees. To ensure global representation, it is noteworthy that six of the trustees must be selected from the Asia/Oceania region, with six from Europe, a further six from North America, and four from all remaining regions. The IFRSF constitution requires an appropriate balance of professional backgrounds, including auditors, preparers, users, academics and other officials serving the public interest. Two will normally be senior partners of prominent international accounting firms. This geographical/functional balance is often difficult to achieve and in the past has led to significant delays in appointments. Trustees are appointed on a rotational basis and of course changes occur through retirement and replacement. Accordingly, for an up-to-date view of the current contingent, refer to www.ifrs.org/The+organisation/trustees/trustees.htm and www.ifrs.org/The+organisation/trustees/Trustee+distribution.htm.

The geographical distribution of current trustees is as follows:

North America

Scott Evans
Executive Vice President, Asset Management and Chief Executive Officer of the TIAA – CREF Investment Management LLC (United States)

Robert Glauber, Vice-Chair
Retired Chairman and CEO, NASD (the private sector regulator of the US securities market); former Under Secretary of the Treasury for Finance (United States)

Harvey Goldschmid
Dwight Professor of Law, Columbia University; former Commissioner of the US Securities and Exchange Commission (United States)

Paul Tellier
Former President and CEO, Bombardier and CN; former Clerk of the Privy Council and Secretary of the Cabinet (Canada)

David Sidwell
Director, UBS, and Director, Fannie Mae (United States)

Europe

Clemens Börsig
Chairman of the Supervisory Board, Deutsche Bank AG (Germany)
Yves-Thibault de Silguy
Vice Chairman and Lead Director, Vinci; former member of the European Commission (France)
Sir Bryan Nicholson
Former Chairman, Financial Reporting Council (United Kingdom)
Marco Onado
Senior Professor of Financial Institutions at the Bocconi University, Milan, Italy, Chairman of Pioneer Global Asset Management (Italy)
Michel Prada (Chairman)
Former Chairman of the Autorité des Marchés Financiers (France)
Dick Sluimers
Chief Executive Officer of APG Group (Netherlands)
Antonio Zoido
Chairman of the Board and Chief Executive Officer of Bolsas y Mercados Españoles (BME) (Spain)

Asia/Oceania

Duck-Koo Chung
Former Minister of Commerce, Industry and Energy for the Republic of Korea (Republic of Korea)
Tsuguoki (Aki) Fujinuma, Vice-Chair
Immediate Past Chairman and President, Japanese Institute of Certified Public **Accountants (Japan)**
Jeffrey Lucy
Chairman, Financial Reporting Council (Australia); former Chairman, Australian Securities and Investments Commission; former Chairman, International Forum of Independent Audit Regulators (IFIAR)
Yong Li
President of the Chinese Institute of Certified Public Accountants, Vice Minister to the Ministry of Finance (People's Republic of China)
Noriaki Shimazaki
Special Adviser, former CFO and Member of the Board, Sumitomo Corporation (Japan)

South America

Pedro Malan

Chairman, Unibanco; former Finance Minister of Brazil; former President, Central Bank of Brazil (Brazil)

Africa

Jeff van Rooyen

Chief Executive, Uranus Investment Holdings; former Vice Chairman, Executive Committee, International Organisation of Securities Commissions (IOSCO); former CEO, South African Financial Services Board (South Africa)

3.3 IASB MEMBERS, DUE PROCESS AND IFRS INTERPRETATIONS COMMITTEE

IASB

The International Accounting Standards Board is an independent group of 15 experts with an appropriate mix of recent and practical experience in setting accounting standards, in preparing, auditing, or using financial reports, and in accounting education. Broad geographical diversity is also required.

Members are appointed by the trustees through an open and rigorous process that includes advertising vacancies and consulting relevant organisations. In January 2009, the trustees voted to expand the IASB to 16 members by 2012. Information about IASB members is available at www.ifrs.org/The+organisation/Members+of+the+IASB/Members+of+the+IASB.htm (see Figure 3.3).

The main qualifications for membership of the IASB are professional competence and practical experience. In order to ensure a broad international basis, there shall normally be:

- four members from the Asia/Oceania region;
- four members from Europe;
- four members from North America;
- one member from Africa;
- one member from South America;
- two members appointed from any area, subject to maintaining overall geographical balance.

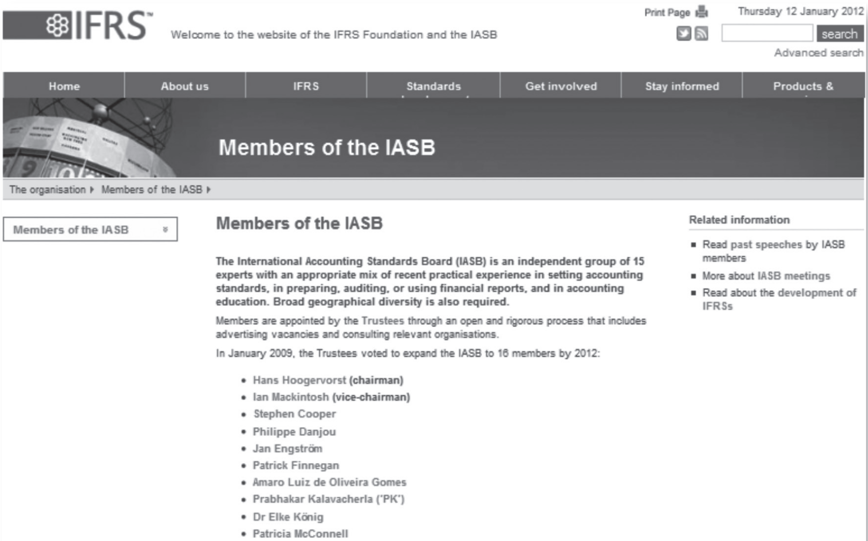


FIGURE 3.3 IASB members.

Of the 16 board members (of whom one is appointed as chair and up to two as vice-chairs), up to three may be ‘part-time’ members. They are elected for an initial term of five years, renewable for a further three years. The chair and vice-chairs may serve second terms of five years, subject to an overall maximum term of 10 years.

At the time of writing, IASB members are as follows:

Hans Hoogervorst (Chairman)
Former Chairman, Netherlands Authority for the Financial Markets (AFM), The Netherlands

Ian Mackintosh (Vice-Chairman)
Former Chairman United Kingdom Accounting Standards Board, New Zealand

Stephen Cooper
Former Managing Director and Head of Valuation and Accounting Research, UBS, UK

Philippe Danjou
Former Director of the accounting division, Autorité des Marchés Financiers (AMF), the French securities regulator, France

Jan Engström
Former CFO, Volvo Group and Chief Executive Officer, Volvo Bus Corporation, Sweden
Patrick Finnegan
Former Director, Financial Reporting Policy Group, CFA Institute for Financial Market Integrity, United States
Amaro Luiz de Oliveira Gomes
Former Head of Financial System Regulation Department, Central Bank of Brazil, Brazil
Prabhakar Kalavacherla ('PK')
Former Audit Partner, KPMG, India
Patricia McConnell
Former Senior Managing Director, Equity Research, Accounting and Tax Policy Analyst, Bear Stearns & Co, United States
Takatsugu Ochi
Former Assistant General Manager, Sumitomo Corporation, former adviser to Nippon Keidanren and Accounting Standards Board of Japan, Japan
Paul Pacter
Former IASB Director of Standards for SMEs and Director, Deloitte Touche Tohmatsu Global IFRS office, United States
Darrel Scott
Former CFO, FirstRand Banking Group, South Africa
John Smith
Former Partner, Deloitte & Touche, United States
Wei-Guo Zhang
Former Chief Accountant and Director General Department of International Affairs at the China Securities Regulatory Commission, People's Republic of China

Due process of standard setting

The IASB is the independent standard-setting body of the IFRSF. Its members are responsible for the development and publication of IFRS, including the IFRS for SMEs, and for approving interpretations of IFRS as developed by the IFRS Interpretations Committee (formerly the IFRIC). All meetings of the IASB are held in public and are also webcast. In fulfilling its standard-setting duties, the IASB follows a thorough, open and transparent due process, of which the publication of consultative documents, such as discussion papers and exposure drafts, for public comment is an important component. The IASB engages closely with stakeholders around the world, including investors, analysts, regulators, business leaders, accounting standard setters and the accountancy profession.

The mandate of the Interpretations Committee is to review, on a timely basis, widespread accounting issues that have arisen within the context of current IFRS and to provide authoritative guidance (IFRIC Updates) on those issues. Interpretation Committee meetings are open to the public and are webcast. In developing interpretations, the Interpretations Committee works closely with similar national committees and follows a transparent, thorough and open due process.

Basically, due process involves:

- a discussion paper that contains preliminary views of the IASB on a particular topic, such as a proposed standard, and any related issues. This is published and distributed to elicit comment for subsequent consideration;
- an exposure draft that is approved by nine or more of the IASB members and contains related conclusions. It also contains so-called alternative views – dissenting opinions – all of which are published for comment;
- the receipt, discussion and consideration of comments received in relation to discussion papers and exposure drafts;
- consideration and implementation of public hearings and field tests;
- approval and publication of a standard if it receives nine or more votes from IASB members. The standard includes associated explanations, appropriate responses to comments received on the related exposure draft, as well as dissenting opinions.

This process of standard setting is summarised in Figure 3.4.

Note also that the IASB has due process handbooks for IASB Interpretations, IFRS Interpretations and XBRL Interpretations.

IFRS Interpretations Committee

The IFRS Interpretations Committee comprises 14 voting members, drawn from a variety of countries and professional backgrounds. They are appointed by the trustees of the IFRSF and are selected for their ability to maintain an awareness of current issues as they arise, as well as the technical ability to resolve them. Information about this committee, and its members, can be found at www.ifrs.org/The+organisation/Members+of+the+IFRIC/About+the+IFRIC.htm.

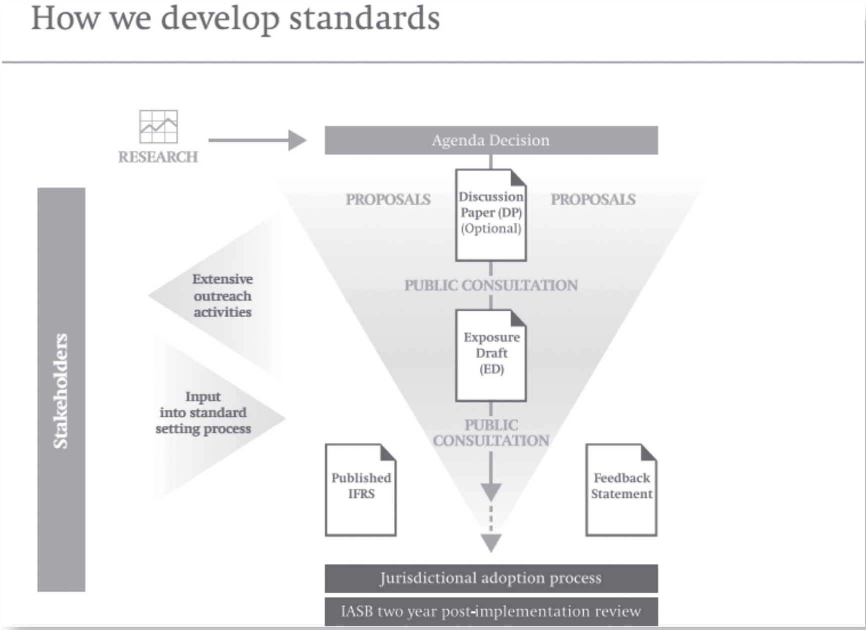


FIGURE 3.4 How the IASB develops standards.

Source: www.ifrs.org

The members of IFRS Interpretations Committee and their affiliations are as follows:

Wayne Upton
Chairman, IFRS Interpretations Committee
Joanna Perry
Company director and Current Chair Financial Reporting Standards Board New Zealand
Luca Cencioni
Senior Accounting Manager, Eni Adfin S.p.A., Italy
Guido Fladt
Partner, PricewaterhouseCoopers, Germany
Jean Paré
Vice President, Financial Reporting, Bombardier Inc, Canada
Bernd Hacker
Professor for accounting, University of Applied Sciences Rosenheim, Germany

Sara York Kenny
Principal Accounting Advisor (Retired), International Finance Corporation, United States
Feilong Li
Executive director, Executive Vice President & CFO, China Oil Services Limited, China
Ruth Picker
Global Leader IFRS Services, Global Professional Practice, Ernst & Young Global Limited, United Kingdom
Charlotte Pissaridou
Managing Director, Head of Accounting Policy for Europe, Middle East and Africa, Goldman Sachs International, United Kingdom
Laurence Rivat
Partner, Deloitte & Associés, France
Margaret Smyth
Vice President Finance & Chief Financial Officer, Hamilton Sundstrand, a United Technologies Company, United States
Scott Taub
Managing Director of Financial Reporting Advisors, LLC, United States
Andrew Vials
Partner, KPMG LLP, United Kingdom
Kazuo Yuasa
General Manager, IFRS Office, Corporate Finance Unit, Fujitsu Limited, Japan

Note also that the following organisations have Observer status:

- International Organisation of Securities Commissions (IOSCO)
- European Commission

In March 2006, the trustees of the IFRS Foundation published a new *Due Process Handbook* for the IASB. The *Handbook* describes the IASB's consultative procedures. Formal due process for projects normally, but not necessarily, involves the following steps (the steps that are required by the IASC Foundation Constitution are indicated by an asterisk):

- Ask the staff to identify and review the issues associated with the topic and to consider the application of the Framework to the issues.
- Study national accounting requirements and practice and exchange views about the issues with national standard setters.

- Consult the Standards Advisory Council about the advisability of adding the topic to the IASB's agenda.*
- Form an advisory group (generally called a 'working group') to advise the IASB and its staff on the project.
- Publish for public comment a discussion document.
- Publish for public comment an exposure draft approved by vote of at least nine IASB members, including any dissenting opinions held by IASB members (in exposure drafts, dissenting opinions are referred to as 'alternative views').*
- Publish within an exposure draft a basis for conclusions.
- Consider all comments received within the comment period on discussion documents and exposure drafts.*
- Consider the desirability of holding a public hearing and the desirability of conducting field tests and, if considered desirable, holding such hearings and conducting such tests.
- Approve a standard by votes of at least nine IASB members and include in the published standard any dissenting opinions.*
- Publish within a standard a basis for conclusions, explaining, among other things, the steps in the IASB's due process and how the IASB dealt with public comments on the exposure draft.

The IASB is required to explain its reasons if it decides not to follow any of the non-mandatory due process steps. Such non-mandatory steps are:

- publishing a discussion document before an exposure draft;
- forming working groups;
- publishing a basis for conclusions;
- holding public hearings;
- conducting field tests.

3.4 IFRS ADVISORY COUNCIL

The IFRS Advisory Council provides a forum for participation by organisations and individuals with an interest in international financial reporting, having diverse geographical and functional backgrounds, with the objective of:

- advising the IASB on agenda decisions and priorities in the IASB's work;
- informing the IASB of the views of the organisations and individuals on the Council on major standard-setting projects;
- giving other advice to the IASB or the trustees.

Under the IFRSF Constitution, the Advisory Council has 30 or more members. The number is currently around 40. Members are appointed by the trustees for a renewable term of three years.

About the IASB's advisory bodies

The development and successful adoption of a single set of high-quality global financial reporting standards for use around the world requires regular input from a wide range of interested parties, widespread support for that objective, and confidence in the quality and relevance of information provided by IFRS. The formal advisory bodies of the IASB provide important channels for the IASB to receive that input and to consult interested parties. Meetings with formal advisory bodies are held in public and are webcast. Forthcoming meetings with advisory bodies are announced on the meetings diary on the IASB website, where recordings and observer notes are also made available.

The IASB has regular public meetings with the IFRS Advisory Council and with the Capital Markets Advisory Committee (CMAC) and the Global Preparers Forum (GPF), among others. The CMAC and the GPF are independent bodies established specifically to cooperate with the IASB and provide international channels for regular, public exchanges with the user and preparer communities. The SME Implementation Group makes recommendations to the IASB on the need to amend the IFRS for SMEs.

Moreover, the IASB establishes formal working groups for many of its major projects to provide additional practical input and expertise. Current working groups are as follows:

- Employee Benefits Working Group;
- Insurance Working Group;
- Joint International Group on Financial Statement Presentation;
- Financial Institution Advisory Group on Financial Statement Presentation;
- Financial Instruments Working Group;
- Lease accounting working group;

Source: www.ifrs.org/How+we+develop+standards/Working+groups.htm.

Supporting the objectives of the IFRS Foundation

All other activities undertaken by the IFRSF in support of the objectives of the organisation are managed by staff members of the Foundation. Those activities include:

- the creation of an XBRL taxonomy for IFRS and the IFRS for SMEs to facilitate the electronic use, exchange and comparability of financial data prepared in accordance with IFRS. This is done by the IFRS XBRL team;
- the production of high-quality, understandable and up-to-date material, including freely downloadable training material for the IFRS for SMEs, and the organisation of conferences and workshops about IFRS. These activities are grouped within the IFRS Foundation Education Initiative;
- the protection of the IFRS brand and the support of global convergence through addressing translation and copyright issues and contributing to the financing of the organisation through the provision of publication services. These activities are grouped under content management;
- operations, including the day-to-day management of and support for the organisation. Also included are communications, improving and expanding external relationships, and promoting a better understanding of the work of the organisation.

The next step in our journey is to introduce the framework, preface, standards and interpretations of IFRS.

CHAPTER FOUR

Framework, standards and interpretations of IFRS

THE WORK ON STANDARDS, as explained in the preface to the standards, can be segmented into the following areas:

- updating of the Framework, a joint effort with the US FASB;
- IFRS (including IAS) which occupies most of the board time;
- IFRS for SMEs, a streamlining and codification effort at particular intervals;
- interpretations, a technical effort, addressing feedback from the market channelled through the large accounting firms.

In trying to become familiar with IFRS, the reader is encouraged to first look at IFRS for SMEs in order to gain an initial understanding and guidance. The IFRS Foundation provides access free of charge to the current year's consolidated unaccompanied IFRS in English as issued by the IASB and published in the Bound Volume.

Access to the accompanying documents, illustrative examples, implementation guidance and bases for conclusions is available via subscription-based services or by purchasing print versions of IFRS via the IFRS store (see www.ifrs.org/ifrss). You may download the content of this site for your personal, non-commercial use only. See www.iasb.org/home.htm for copyright notices.

4.1 FRAMEWORK

The current Framework (see content outline below) is outdated and the IASB jointly with the FASB is working on a new version as part of the IASB/FASB Conceptual Framework project. The different phases of the project are:

- Phase A: Objective and qualitative characteristics;
- Phase B: Elements and recognition;
- Phase C: Measurement;
- Phase D: Reporting entity;
- Phase E: Presentation and disclosure;
- Phase F: Purpose and status of framework;
- Phase G: Applicability to not-for-profit entities;
- Phase H: Other issues, if necessary.

Several discussions papers (DPs) and exposure drafts (EDs) were issued in relation to these phases. For the current status see www.iasplus.com/agenda/framework.htm. The total project is expected to be completed by 2012.

Current Framework for the Preparation and Presentation of Financial Statements

The IASB Framework was approved by the IASC Board in April 1989 for publication in July 1989, and adopted by the IASB in April 2001. The Framework defines the objective of general-purpose financial statements. The objective is to provide information about the financial position, performance and changes in financial position of an entity that is useful to a wide range of users in making economic decisions. The Framework identifies the qualitative characteristics that make information in financial statements useful. There are four principal qualitative characteristics:

- understandability;
- relevance;
- reliability;
- comparability.

The Framework defines the basic elements of financial statements and the concepts for recognising and measuring them. Elements directly related to financial position are assets, liabilities and equity. Elements directly related to performance are income and expenses. There is more information on the detailed text of the standard at www.iasb.org/IFRSs/IFRS.htm.

Available information is summarised in the following list. It is worthwhile reviewing this to foster an appreciation of what is associated with appropriately prepared financial statements.

- Preface introduction
  - Purpose and status
  - Scope
  - Users and their information needs
- The objective of financial statements
  - Financial position, performance and changes in financial position
  - Notes and supplementary schedules
- Underlying assumptions
  - Accrual basis
  - Going concern
- Qualitative characteristics of financial statements
  - Understandability
  - Relevance
    - Materiality
  - Reliability
    - Faithful representation
    - Substance over form
    - Neutrality
    - Prudence
    - Completeness
  - Comparability
  - Constraints on relevant and reliable information
    - Timeliness
    - Balance between benefit and cost
    - Balance between qualitative characteristics
  - True and fair view/fair presentation
- The elements of financial statements
  - Financial position
  - Assets
  - Liabilities
  - Equity

    - Performance
    - Income
    - Expenses
    - Capital maintenance adjustments
- Recognition of the elements of financial statements
    - The probability of future economic benefit
    - Reliability of measurement
    - Recognition of assets
    - Recognition of liabilities
    - Recognition of income
    - Recognition of expenses
- Measurement of the elements of financial statements
- Concepts of capital and capital maintenance
    - Concepts of capital
    - Concepts of capital maintenance and the determination of profit

IFRS word count comparison

The overall size of the related publication of the accounting standards is well over 1 million words, with the actual standards amounting to most of that, as summarised in Table 4.1. This not only helps to identify the size of standard, in terms of text, but also indicates the comparative importance, as well as the associated complexity.

Accessing IFRSs – HTML and PDF

As indicated earlier, the IFRS are available online through *e*IFRS. This avenue provides the electronic consolidated edition of International Financial Reporting Standards (including International Accounting Standards and Interpretations) and accompanying documents, shown in Figure 4.1.

For convenience, information is presented in two parts:

- Part A (the requirements) contains the latest version of IFRS, IAS, and IFRIC and SIC Interpretations.
- Part B contains the accompanying documents, such as illustrative examples, implementation guidance, bases for conclusions and dissenting opinions.

IFRS can be accessed in HTML (Hyper Text Markup Language) or PDF (Portable Document Format).

Note also that past versions of IFRS are available, which will be of particular use to accounting, auditing and business reporting professionals.

TABLE 4.1 Accounting standards word count.

Standard	Description	Words
IFRS 1	First-Time Adoption of International of International Financial Reporting Standards	41,730
IFRS 2	Share-Based Payment	67,576
IFRS 3	Business Combinations	91,214
IFRS 4	Insurance Contracts	54,977
IFRS 5	Noncurrent Assets Held for Sale and Discontinued Operations	20,896
IFRS 6	Exploration for and Evaluation of Mineral Resources	10,078
IFRS 7	Financial Instruments Disclosures	30,466
IFRS 8	Operating Segments	23,158
IFRS 9	Financial Instruments	76,393
IFRS 10	Consolidated Financial Statements	43,464
IFRS11	Joint Arrangements	22,477
IFRS12	Disclosure of Interests in Other Entities	19,848
IFRS13	Fair Value Measurement	62,066
IFRS total		**564,343**
IAS 1	Presentation of Financial Statements	30,135
IAS 2	Inventories	5,981
IAS 7	Cash Flow Statements	6,706
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	10,265
IAS 10	Events After the Balance Sheet Date	3,343
IAS 11	Construction Contracts	4,638
IAS 12	Income Taxes	25,595
IAS 16	Property, Plant and Equipment	12,983
IAS 17	Leases	10,716
IAS 18	Revenue	7,186
IAS 19	Employee Benefits	47,755
IAS 20	Accounting for Government Grants and Disclosure of Assistance	3,712
IAS 21	Effects of Change in Foreign Exchange Rates	12,510
IAS 23	Borrowing Costs	5,784
IAS 24	Related Party Disclosures	9,425

(*continued*)

TABLE 4.1 *(continued)*

Standard	Description	Words
IAS 26	Accounting and Reporting by Retirement Benefit Plans	3,380
IAS 27	Consolidated and Separate Financial Statements	20,353
IAS 28	Investments in Associates	8,734
IAS 29	Financial Reporting in Hyperinflationary Economies	3,212
IAS 31	Interest in Joint Ventures	8,499
IAS 32	Financial Instruments Presentation	36,072
IAS 33	Earnings per Share	15,360
IAS 34	Interim Financial Reporting	9,537
IAS 36	Impairment of Assets	63,394
IAS 37	Provisions, Contingent Liabilities, and Contingent Assets	12,224
IAS 38	Intangible Assets	28,963
IAS 39	Financial Instruments: Recognition and Measurement	81,771
IAS 40	Investment Property	18,586
IAS 41	Agriculture	16,038
IAS total		**522,857**
Overall	**(IFRS and IAS)**	**1087,200**

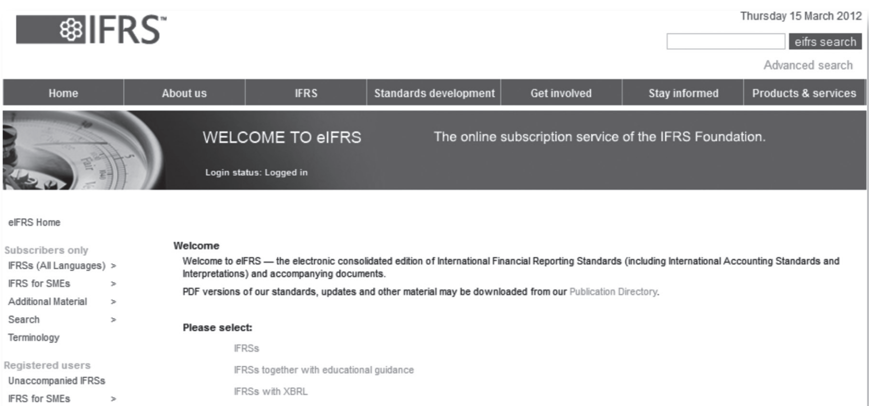


FIGURE 4.1 The electronic edition of IFRS.

Note: Access to this web page requires subscription.

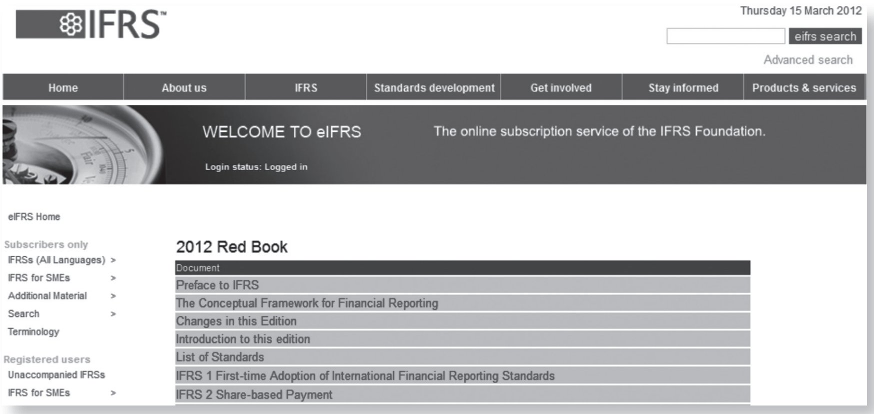


FIGURE 4.2 Latest version of the IFRS book online.

Note: Access to this web page requires subscription.

HTML

The figures show how IFRS information is presented online. As can be seen in Figure 4.2, the latest version of the IFRS book is available in easily accessible sections, whereby an individual IFRS can be selected.

Once a specific IFRS is selected, all associated sections are provided for further access, as shown in Figure 4.3.

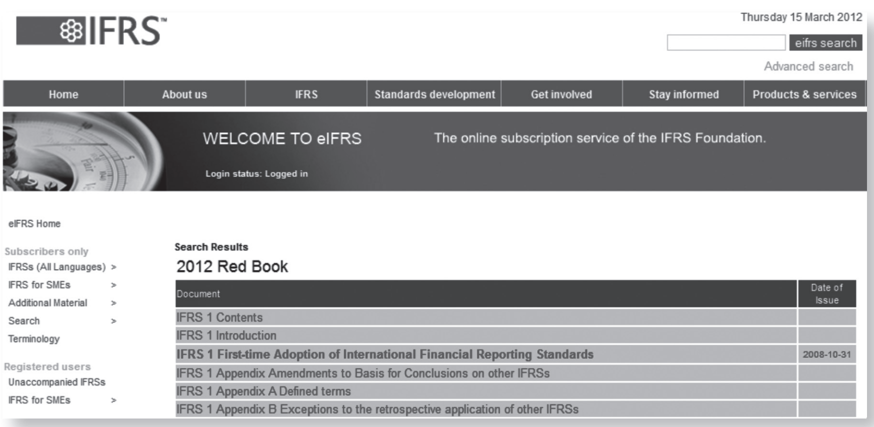


FIGURE 4.3 Sections of the IFRS online.

Note: Access to this web page requires subscription.

International Financial Reporting Standard 1

First-time Adoption of International Financial Reporting Standards

In April 2001 the International Accounting Standards Board (IASB) adopted SIC-8 *First-time Application of IASs as the Primary Basis of Accounting*, which had been issued by the Standing Interpretations Committee of the International Accounting Standards Committee in July 1998.

In June 2003 the IASB issued IFRS 1 *First-time Adoption of International Financial Reporting Standards* to replace SIC-8. IAS 1 *Presentation of Financial Statements* (as revised in 2007) amended the terminology used throughout IFRSs, including IFRS 1.

The IASB restructured IFRS 1 in November 2008. In December 2010 the IASB amended IFRS 1 to reflect that a first-time adopter would restate past transactions from the date of transition to IFRSs instead of at 1 January 2004.

Since it was issued in 2003, IFRS 1 was amended to accommodate first-time adoption requirements resulting from new or amended IFRSs.

Contents

FIGURE 4.4 Hyperlinks through the IFRS.

Note: Access to this web page requires subscription.

When any IFRS is accessed in this manner, the related text is presented in a way that allows for rapid access to sought-after sections by way of hyperlinks, as shown by way of bold text in Figure 4.4.

Within any selected area of an IFRS, various hyperlinks provide rapid access to highlighted sections or related definitions. This approach facilitates research and learning.

PDF

Printable PDF language versions of IFRS are accessible via the IFRS website.

To become familiar with the way that IFRS are presented, as well as to gain an appreciation of the format and content, see Appendix A, which contains an entire standard.

4.2 INTERNATIONAL FINANCIAL REPORTING STANDARDS

Introduction

As indicated previously, the process of developing financial reporting standards is long and involved. The end result is deemed to be worthy of strong consideration and subsequent implementation, to ensure that financial reporting is reliable, as well as comparable. In effect, two groups of financial standards

(IFRS 1–9 and IAS 1–41) exist, and a summary of each standard is provided next, including the objective and scope, among other relevant details.

International Accounting Standards were issued by the IASC from 1973 to 2000. The IASB replaced the IASC in 2001. Since then, the IASB has amended some IAS and has proposed to amend others, has replaced some IAS with new IFRS, and has adopted or proposed certain new IFRS on topics for which there was no previous IAS. Through committees, both the IASC and the IASB have issued Interpretations of Standards. Due to these changes, some numbered standards and interpretations have been deleted and the numbering is not consecutive at this time. As of November 2012, the following standards and interpretations are effective, or earlier adoption is encouraged.

International Financial Reporting Standards (IFRS 1–13)

IFRS 1 First-Time Adoption of International Financial Reporting Standards

Objective The objective of this IFRS is to ensure that an entity's first IFRS financial statements, and its interim financial reports for part of the period covered by those financial statements, contain high-quality information that:

(a) is transparent for users and comparable over all periods presented;
(b) provides a suitable starting point for accounting in accordance with IFRS;
(c) can be generated at a cost that does not exceed the benefits.

Scope An entity shall apply this IFRS in:

(a) its first IFRS financial statements;
(b) each interim financial report, if any, that it presents in accordance with IAS 34 Interim Financial Reporting for part of the period covered by its first IFRS financial statements.

An entity's first IFRS financial statements are the first annual financial statements in which the entity adopts IFRS, by an explicit and unreserved statement in those financial statements of compliance with IFRS. Financial statements in accordance with IFRS are an entity's first IFRS financial statements if, for example, the entity:

(a) presented its most recent previous financial statements:
    (i) in accordance with national requirements that are not consistent with IFRS in all respects;

(ii) in conformity with IFRS in all respects, except that the financial statements did not contain an explicit and unreserved statement that they complied with IFRS;
(iii) containing an explicit statement of compliance with some, but not all, IFRS;
(iv) in accordance with national requirements inconsistent with IFRS, using some individual IFRS to account for items for which national requirements did not exist; or
(v) in accordance with national requirements, with a reconciliation of some amounts to the amounts determined in accordance with IFRS;

(b) prepared financial statements in accordance with IFRS for internal use only, without making them available to the entity's owners or any other external users;
(c) prepared a reporting package in accordance with IFRS for consolidation purposes without preparing a complete set of financial statements as defined in IAS 1 *Presentation of Financial Statements* (as revised in 2007); or
(d) did not present financial statements for previous periods.

This IFRS applies when an entity first adopts IFRS. It does not apply when, for example, an entity:

(a) stops presenting financial statements in accordance with national requirements, having previously presented them as well as another set of financial statements that contained an explicit and unreserved statement of compliance with IFRS;
(b) presented financial statements in the previous year in accordance with national requirements and those financial statements contained an explicit and unreserved statement of compliance with IFRS; or
(c) presented financial statements in the previous year that contained an explicit and unreserved statement of compliance with IFRS, even if the auditors qualified their audit report on those financial statements.

This IFRS does not apply to changes in accounting policies made by an entity that already applies IFRS. Such changes are the subject of:

(a) requirements on changes in accounting policies in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*; and
(b) specific transitional requirements in other IFRS.

Summary In addition to the objective, scope and related introduction, a summary of IFRS 1 appears below:

- Recognition and measurement
  - Opening IFRS statement of financial position
  - Accounting policies
  - Exceptions to the retrospective application of other IFRS
    - Estimates
  - Exemptions from other IFRS
- Presentation and disclosure
  - Comparative information
    - Non-IFRS comparative information and historical summaries
  - Explanation of transition to IFRS
    - Reconciliations
    - Designation of financial assets or financial liabilities
    - Use of fair value as deemed cost
    - Use of deemed cost for investments in subsidiaries, jointly controlled entities and associates
    - Use of deemed cost for oil and gas assets
    - Interim financial reports
- Effective date
- Withdrawal of IFRS 1 (issued 2003)
- Appendices:
  - A Defined terms
  - B Exceptions to the retrospective application of other IFRS
  - C Exemptions for business combinations
  - D Exemptions from other IFRS
  - E Short-term exemptions from IFRS

Last changed July 2011

Interpretations IFRS 1 supersedes SIC 8, *First-time Application of IASs* as the Primary Basis of Accounting. More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRS. Figure 4.5 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-25.xsd#ifrs_EffectOfTransitionToIFRSsMember"
    xlink:type="locator" xlink:label="loc_24"/>
<link:presentationArc xlink:type="arc" order="20.0" xlink:to="loc_24" xlink:from="loc_21"
    xlink:arcrole="http://www.xbrl.org/2003/arcrole/parent-child"/>
```

FIGURE 4.5 Fragment of XBRL tagging related to IFRS 1.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IFRS 2 Share-Based Payment

Objective The objective of this IFRS is to ensure that an entity's first IFRS financial statements, and its interim financial reports for part of the period covered by those financial statements, contain high-quality information that:

(a) is transparent for users and comparable over all periods presented;
(b) provides a suitable starting point for accounting in accordance with IFRS;
(c) can be generated at a cost that does not exceed the benefits.

Scope An entity shall apply this IFRS in:

(a) its first IFRS financial statements;
(b) each interim financial report, if any, that it presents in accordance with IAS 34 *Interim Financial Reporting* for part of the period covered by its first IFRS financial statements.

An entity's first IFRS financial statements are the first annual financial statements in which the entity adopts IFRS, by an explicit and unreserved statement in those financial statements of compliance with IFRS. Financial statements in accordance with IFRS are an entity's first IFRS financial statements if, for example, the entity:

(a) presented its most recent previous financial statements:
    (i) in accordance with national requirements that are not consistent with IFRS in all respects;
    (ii) in conformity with IFRS in all respects, except that the financial statements did not contain an explicit and unreserved statement that they complied with IFRS;

   (iii) containing an explicit statement of compliance with some, but not all, IFRS;
   (iv) in accordance with national requirements inconsistent with IFRS, using some individual IFRS to account for items for which national requirements did not exist; or
   (v) in accordance with national requirements, with a reconciliation of some amounts to the amounts determined in accordance with IFRS;

(b) prepared financial statements in accordance with IFRS for internal use only, without making them available to the entity's owners or any other external users;
(c) prepared a reporting package in accordance with IFRS for consolidation purposes without preparing a complete set of financial statements as defined in IAS 1 *Presentation of Financial Statements* (as revised in 2007); or
(d) did not present financial statements for previous periods.

This IFRS applies when an entity first adopts IFRS. It does not apply when, for example, an entity:

(a) stops presenting financial statements in accordance with national requirements, having previously presented them as well as another set of financial statements that contained an explicit and unreserved statement of compliance with IFRS;
(b) presented financial statements in the previous year in accordance with national requirements and those financial statements contained an explicit and unreserved statement of compliance with IFRS; or
(c) presented financial statements in the previous year that contained an explicit and unreserved statement of compliance with IFRS, even if the auditors qualified their audit report on those financial statements.

This IFRS does not apply to changes in accounting policies made by an entity that already applies IFRS. Such changes are the subject of:

(a) requirements on changes in accounting policies in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*; and
(b) specific transitional requirements in other IFRS.

Summary In addition to the objective, scope and related introduction, a summary of IFRS 2 appears next:

- Recognition
- Equity-settled share-based payment transactions
  - Overview
  - Transactions in which services are received
  - Transactions measured by reference to the fair value of the equity instruments granted
    - Determining the fair value of equity instruments granted
    - Treatment of vesting conditions
    - Treatment of non-vesting conditions
    - Treatment of a reload feature
    - After vesting date
    - If the fair value of the equity instruments cannot be estimated reliably
  - Modifications to the terms and conditions on which equity Instruments were granted, including cancellations and settlements
- Cash-settled share-based payment transactions
- Share-based payment transactions with cash alternatives
  - Share-based payment transactions in which the terms of the arrangement provide the counterparty with a choice of settlement
  - Share-based payment transactions in which the terms of the arrangement provide the entity with a choice of settlement
- Share-based payment transactions among group entities
- Disclosures
- Transitional provisions
- Effective date
- Withdrawal of interpretations
- Appendices:
  - A Defined terms
  - B Application guidance
  - C Amendments to other IFRS

Last changed January 2010

Interpretations None

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm

XBRL tags XBRL is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRS. Figure 4.6 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
   25.xsd#ifrs_DisclosureOfNumberAndWeightedAverageExercisePricesOfShareOptionsAbstract"
   xlink:type="locator" xlink:label="loc"/>
<link:loc xlink:href="../../ifrs-cor_2011-03-
```

FIGURE 4.6 Fragment of XBRL tagging related to IFRS 2.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IFRS 3 Business Combinations

Objective The objective of this IFRS is to improve the relevance, reliability and comparability of the information that a reporting entity provides in its financial statements about a business combination and its effects. To accomplish that, this IFRS establishes principles and requirements for how the acquirer:

(a) recognises and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree;
(b) recognises and measures the goodwill acquired in the business combination or a gain from a bargain purchase;
(c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

Scope This IFRS applies to a transaction or other event that meets the definition of a business combination. This IFRS does not apply to:

(a) the formation of a joint venture;
(b) the acquisition of an asset or a group of assets that does not constitute a business. In such cases the acquirer shall identify and recognise the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in IAS 38 *Intangible Assets*) and liabilities assumed. The cost of the group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill;
(c) a combination of entities or businesses under common control.

Summary In addition to the objective, scope and related introduction, a summary of IFRS 3 appears below:

- Identifying a business combination
- The acquisition method
  - Identifying the acquirer
  - Determining the acquisition date
  - Recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree
    - Recognition principle
      Recognition conditions
      Classifying or designating identifiable assets acquired and liabilities assumed in a business combination
- Measurement principle
- Exceptions to the recognition or measurement principles
  - Exception to the recognition principle
    - Contingent liabilities
  - Exceptions to both the recognition and measurement principles
    - Income taxes
    - Employee benefits
    - Indemnification assets
  - Exceptions to the measurement principle
    - Reacquired rights
    - Share-based payment awards
    - Assets held for sale
  - Recognising and measuring goodwill or a gain from a bargain purchase
    - Bargain purchases
    - Consideration transferred
    - Contingent consideration
  - Additional guidance for applying the acquisition method to particular types of business combinations
    - A business combination achieved in stages
    - A business combination achieved without the transfer of consideration
  - Measurement period
  - Determining what is part of the business combination transaction
    - Acquisition-related costs
- Subsequent measurement and accounting
  - Reacquired rights
  - Contingent liabilities

    - Indemnification assets
    - Contingent consideration
- Disclosures
- Effective date and transition
    - Effective date
    - Transition
        - Income taxes
- Withdrawal of IFRS 3 (2004)
- Appendices:
    - A Defined terms
    - B Application guidance
    - C Amendments to other IFRS

Last changed July 2010

Interpretations None

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRS. Figure 4.7 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_DescriptionOfPrimaryReasonsForBusinessCombination" xlink:type="locator"
    xlink:label="loc_10"/>
<link:definitionArc xlink:type="arc" order="50.0" xlink:to="loc_10" xlink:from="loc_30"
```

FIGURE 4.7 Fragment of XBRL tagging related to IFRS 3.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IFRS 4 Insurance Contracts

Objective The objective of this IFRS is to specify the financial reporting for insurance contracts by any entity that issues such contracts (described in this

IFRS as an insurer) until the board completes the second phase of its project on insurance contracts. In particular, this IFRS requires:

(a) limited improvements to accounting by insurers for insurance contracts;
(b) disclosure that identifies and explains the amounts in an insurer's financial statements arising from insurance contracts and helps users of those financial statements understand the amount, timing and uncertainty of future cash flows from insurance contracts.

Scope An entity shall apply this IFRS to:

(a) insurance contracts (including reinsurance contracts) that it issues and reinsurance contracts that it holds;
(b) financial instruments that it issues with a discretionary participation feature. IFRS 7 *Financial Instruments: Disclosures* requires disclosure about financial instruments, including financial instruments that contain such features.

This IFRS does not address other aspects of accounting by insurers, such as accounting for financial assets held by insurers and financial liabilities issued by insurers (see IAS 32 *Financial Instruments: Presentation*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 and IFRS 9 *Financial Instruments*), except in the transitional provisions in paragraph 45.

An entity shall not apply this IFRS to:

(a) product warranties issued directly by a manufacturer, dealer or retailer (see IAS 18 *Revenue* and IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*);
(b) employers' assets and liabilities under employee benefit plans (see IAS 19 *Employee Benefits* and IFRS 2 *Share-based Payment*) and retirement benefit obligations reported by defined benefit retirement plans (see IAS 26 *Accounting and Reporting by Retirement Benefit Plans*);
(c) contractual rights or contractual obligations that are contingent on the future use of, or right to use, a non-financial item (for example, some licence fees, royalties, contingent lease payments and similar items), as well as a lessee's residual value guarantee embedded in a finance lease (see IAS 17 *Leases*, IAS 18 *Revenue* and IAS 38 *Intangible Assets*);
(d) financial guarantee contracts unless the issuer has previously asserted explicitly that it regards such contracts as insurance contracts and has

used accounting applicable to insurance contracts, in which case the issuer may elect to apply either IAS 32, IFRS 7 and IFRS 9 or this IFRS to such financial guarantee contracts. The issuer may make that election contract by contract, but the election for each contract is irrevocable;

(e) contingent consideration payable or receivable in a business combination (see IFRS 3 *Business Combinations*);

(f) direct insurance contracts that the entity holds (i.e. direct insurance contracts in which the entity is the policyholder). However, a cedant shall apply this IFRS to reinsurance contracts that it holds.

For ease of reference, this IFRS describes any entity that issues an insurance contract as an insurer, whether or not the issuer is regarded as an insurer for legal or supervisory purposes.

A reinsurance contract is a type of insurance contract. Accordingly, all references in this IFRS to insurance contracts also apply to reinsurance contracts.

Embedded derivatives IFRS 9 requires an entity to separate some embedded derivatives from their host contract, measure them at fair value and include changes in their fair value in profit or loss. IFRS 9 applies to derivatives embedded in an insurance contract unless the embedded derivative is itself an insurance contract.

As an exception to the requirements in IFRS 9, an insurer need not separate, and measure at fair value, a policyholder's option to surrender an insurance contract for a fixed amount (or for an amount based on a fixed amount and an interest rate), even if the exercise price differs from the carrying amount of the host insurance liability. However, the requirements in IFRS 9 do apply to a put option or cash surrender option embedded in an insurance contract if the surrender value varies in response to the change in a financial variable (such as an equity or commodity price or index), or a non-financial variable that is not specific to a party to the contract. Furthermore, those requirements also apply if the holder's ability to exercise a put option or cash surrender option is triggered by a change in such a variable (for example, a put option that can be exercised if a stock market index reaches a specified level). This applies equally to options to surrender a financial instrument containing a discretionary participation feature.

Unbundling of deposit components Some insurance contracts contain both an insurance component and a deposit component. In some cases, an insurer is required or permitted to unbundle those components:

(a) Unbundling is required if both the following conditions are met:
   (i) the insurer can measure the deposit component (including any embedded surrender options) separately (i.e. without considering the insurance component);
   (ii) the insurer's accounting policies do not otherwise require it to recognise all obligations and rights arising from the deposit component.
(b) Unbundling is permitted, but not required, if the insurer can measure the deposit component separately as in (a)(i) but its accounting policies require it to recognise all obligations and rights arising from the deposit component, regardless of the basis used to measure those rights and obligations.
(c) Unbundling is prohibited if an insurer cannot measure the deposit component separately as in (a)(i).

The following is an example of a case when an insurer's accounting policies do not require it to recognise all obligations arising from a deposit component. A cedant receives compensation for losses from a reinsurer, but the contract obliges the cedant to repay the compensation in future years. That obligation arises from a deposit component. If the cedant's accounting policies would otherwise permit it to recognise the compensation as income without recognising the resulting obligation, unbundling is required.

To unbundle a contract, an insurer shall:

(a) apply this IFRS to the insurance component;
(b) apply IFRS 9 to the deposit component.

Summary In addition to the objective, scope and related introduction, a summary of IFRS 4 appears next:

- Recognition and measurement
  - Temporary exemption from some other IFRS
    - Liability adequacy test
    - Impairment of reinsurance assets
  - Changes in accounting policies
    - Current market interest rates
    - Continuation of existing practices
    - Prudence
    - Future investment margins

        - Shadow accounting
    - Insurance contracts acquired in a business combination or portfolio transfer
    - Discretionary participation features
        - Discretionary participation features in insurance contracts
        - Discretionary participation features in financial instruments
- Disclosure
    - Explanation of recognised amounts
    - Nature and extent of risks arising from insurance contracts
- Effective date and transition
    - Disclosure
    - Re-designation of financial assets
- Appendices:
    - A Defined terms
    - B Definition of an insurance contract
    - C Amendments to other IFRS

Last changed August 2005

Interpretations None

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRS. Figure 4.8 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_LiabilitiesArisingFromInsuranceContracts" xlink:type="locator"
    xlink:label="loc"/>
<link:loc xlink:href="../../ifrs-cor_2011-03-25.xsd#ifrs_UnearnedPremiums"
```

FIGURE 4.8 Fragment of XBRL tagging related to IFRS 4.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Objective The objective of this IFRS is to specify the accounting for assets held for sale, and the presentation and disclosure of discontinued operations. In particular, the IFRS requires:

(a) assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease;
(b) assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of comprehensive income.

Scope The classification and presentation requirements of this IFRS apply to all recognised non-current assets and to all disposal groups of an entity. The measurement requirements of this IFRS apply to all recognised non-current assets and disposal groups which shall continue to be measured in accordance with the Standard noted.

Assets classified as non-current in accordance with IAS 1 *Presentation of Financial Statements* shall not be reclassified as current assets until they meet the criteria to be classified as held for sale in accordance with this IFRS. Assets of a class that an entity would normally regard as non-current that are acquired exclusively with a view to resale shall not be classified as current unless they meet the criteria to be classified as held for sale in accordance with this IFRS.

Sometimes an entity disposes of a group of assets, possibly with some directly associated liabilities, together in a single transaction. Such a disposal group may be a group of cash-generating units, a single cash-generating unit, or part of a cash-generating unit. The group may include any assets and any liabilities of the entity. If a non-current asset within the scope of the measurement requirements of this IFRS is part of a disposal group, the measurement requirements of this IFRS apply to the group as a whole, so that the group is measured at the lower of its carrying amount and fair value less costs to sell.

The measurement provisions of this IFRS do not apply to the following assets, which are covered by the IFRS listed, either as individual assets or as part of a disposal group:

(a) deferred tax assets (IAS 12 *Income Taxes*);
(b) assets arising from employee benefits (IAS 19 *Employee Benefits*);

(c) financial assets within the scope of IFRS 9 *Financial Instruments*;
(d) non-current assets that are accounted for in accordance with the fair value model in IAS 40 *Investment Property*;
(e) non-current assets that are measured at fair value less costs to sell in accordance with IAS 41 *Agriculture*;
(f) contractual rights under insurance contracts as defined in IFRS 4 *Insurance Contracts*.

The classification, presentation and measurement requirements in this IFRS applicable to a non-current asset (or disposal group) that is classified as held for sale apply also to a non-current asset (or disposal group) that is classified as held for distribution to owners acting in their capacity as owners (held for distribution to owners).

This IFRS specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. Disclosures in other IFRS do not apply to such assets (or disposal groups) unless those IFRS require:

(a) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations; or
(b) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of IFRS 5 and such disclosures are not already provided in the other notes to the financial statements.

Summary In addition to the objective, scope and related introduction, a summary of IFRS 5 appears next:

- Classification of non-current assets (or disposal groups) as held for sale or as held for distribution to owners
  - Non-current assets that are to be abandoned
- Measurement of non-current assets (or disposal groups) classified as held for sale
  - Measurement of a non-current asset (or disposal group)
  - Recognition of impairment losses and reversals
  - Changes to a plan of sale
- Presentation and disclosure
  - Presenting discontinued operations
  - Gains or losses relating to continuing operations

  - Presentation of a non-current asset or disposal group classified as held for sale
  - Additional disclosures
- Transitional provisions
- Effective date
- Withdrawal of IAS 35
- Appendices:
  - A Defined terms
  - B Application supplement
    - Extension of the period required to complete a sale
  - C Amendments to other IFRS

Last changed January 2010

Interpretations None

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRS. Figure 4.9 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
   25.xsd#ifrs_CashFlowsFromUsedInOperatingActivitiesDiscontinuedOperations"
   xlink:type="locator" xlink:label="loc_3"/>
<link:calculationArc xlink:type="arc" weight="1" order="20.0" xlink:to="loc_3" xlink:from="loc"
```

FIGURE 4.9 Fragment of XBRL tagging related to IFRS 5.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IFRS 6 Exploration for and Evaluation of Mineral Resources

Objective The objective of this IFRS is to specify the financial reporting for the exploration for and evaluation of mineral resources. In particular, the IFRS requires:

(a) limited improvements to existing accounting practices for exploration and evaluation expenditures;
(b) entities that recognise exploration and evaluation assets to assess such assets for impairment in accordance with this IFRS and measure any impairment in accordance with IAS 36 *Impairment of Assets*;
(c) disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognised.

Scope An entity shall apply the IFRS to exploration and evaluation expenditures that it incurs. The IFRS does not address other aspects of accounting by entities engaged in the exploration for and evaluation of mineral resources.

An entity shall not apply the IFRS to expenditures incurred:

(a) before the exploration for and evaluation of mineral resources, such as expenditures incurred before the entity has obtained the legal rights to explore a specific area;
(b) after the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Summary In addition to the objective, scope and related introduction, a summary of IFRS 6 appears next:

- Recognition of exploration and evaluation assets
- Measurement of exploration and evaluation assets
  - Measurement at recognition
  - Elements of cost of exploration and evaluation assets
  - Measurement after recognition
  - Changes in accounting policies
- Presentation
  - Classification of exploration and evaluation assets
  - Reclassification of exploration and evaluation assets
- Impairment
  - Recognition and measurement
  - Specifying the level at which exploration and evaluation assets are assessed for impairment

- Disclosure
- Effective date
- Transitional provisions
- Appendices:
  - A Defined terms
  - B Amendments to other IFRS

Last changed June 2005

Interpretations None

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRS. Figure 4.10 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_LiabilitiesArisingFromExplorationForAndEvaluationOfMineralResources"
    xlink:type="locator" xlink:label="loc_4"/>
<link:presentationArc xlink:type="arc" order="30.0" xlink:to="loc_4" xlink:from="loc"
```

FIGURE 4.10 Fragment of XBRL tagging related to IFRS 6.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IFRS 7 Financial Instruments Disclosures

Objective The objective of this IFRS is to require entities to provide disclosures in their financial statements that enable users to evaluate:

(a) the significance of financial instruments for the entity's financial position and performance;
(b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

The principles in this IFRS complement the principles for recognising, measuring and presenting financial assets and financial liabilities in IAS 32 *Financial Instruments: Presentation* and IFRS 9 *Financial Instruments*.

Scope This IFRS shall be applied by all entities to all types of financial instruments, except:

(a) those interests in subsidiaries, associates or joint ventures that are accounted for in accordance with IAS 27 *Consolidated and Separate Financial Statements*, IAS 28 *Investments in Associates* or IAS 31 *Interests in Joint Ventures*. However, in some cases, IAS 27, IAS 28 or IAS 31 permits an entity to account for an interest in a subsidiary, associate or joint venture using IFRS 9; in those cases, entities shall apply the requirements of this IFRS. Entities shall also apply this IFRS to all derivatives linked to interests in subsidiaries, associates or joint ventures unless the derivative meets the definition of an equity instrument in IAS 32;
(b) employers' rights and obligations arising from employee benefit plans, to which IAS 19 *Employee Benefits* applies;
(c) insurance contracts as defined in IFRS 4 *Insurance Contracts*. However, this IFRS applies to derivatives that are embedded in insurance contracts if IFRS 9 requires the entity to account for them separately. Moreover, an issuer shall apply this IFRS to financial guarantee contracts if the issuer applies IFRS 9 in recognising and measuring the contracts, but shall apply IFRS 4 if the issuer elects, in accordance with paragraph 4(d) of IFRS 4, to apply IFRS 4 in recognising and measuring them;
(d) financial instruments, contracts and obligations under share-based payment transactions to which IFRS 2 *Share-based Payment* applies, except that this IFRS applies to contracts within the scope of IFRS 9;
(e) instruments that are required to be classified as equity instruments in accordance with paragraphs 16A and 16B or paragraphs 16C and 16D of IAS 32.

This IFRS applies to recognised and unrecognised financial instruments. Recognised financial instruments include financial assets and financial liabilities that are within the scope of IFRS 9. Unrecognised financial instruments include some financial instruments that, although outside the scope of IFRS 9, are within the scope of this IFRS (such as some loan commitments).

This IFRS applies to contracts to buy or sell a non-financial item that are within the scope of IFRS 9.

Summary In addition to the objective, scope and related introduction, a summary of IFRS 7 appears below:

- Classes of financial instruments and level of disclosure
- Significance of financial instruments for financial position and performance
  - Statement of financial position
    - Categories of financial assets and financial liabilities
    - Financial assets or financial liabilities at fair value through profit or loss
    - Financial assets measured at fair value through other comprehensive income
    - Reclassification
    - Collateral
    - Allowance account for credit losses
    - Compound financial instruments with multiple embedded derivatives
    - Defaults and breaches
  - Statement of comprehensive income
    - Items of income, expense, gains or losses
  - Other disclosures
    - Accounting policies
    - Hedge accounting
    - Fair value
- Nature and extent of risks arising from financial instruments
  - Qualitative disclosures
  - Quantitative disclosures
- Credit risk
  - Financial assets that are either past due or impaired
  - Collateral and other credit enhancements obtained
  - Liquidity risk
- Market risk
  - Sensitivity analysis
  - Other market risk disclosures
- Transfers of financial assets
  - Transferred financial assets that are not recognised in their entirety
  - Transferred financial assets that are derecognised in their entirety
  - Supplementary information
- Effective date and transition
- Withdrawal of IAS 30

- Appendices:
  - A Defined terms
  - B Application guidance
  - C Amendments to other IFRS

Last changed December 2011

Interpretations None

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRS. Figure 4.11 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_GainLossArisingFromDerecognitionOfFinancialAssetsMeasuredAtAmortisedCost"
    xlink:type="locator" xlink:label="loc_31"/>
<link:loc xlink:href="../../ifrs-cor_2011-03-
```

FIGURE 4.11 Fragment of XBRL tagging related to IFRS 7.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IFRS 8 Operating Segments

Objective An entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

Scope This IFRS shall apply to:

(a) the separate or individual financial statements of an entity:
  - (i) whose debt or equity instruments are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or

   (ii) that files, or is in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and

(b) the consolidated financial statements of a group with a parent:
   (i) whose debt or equity instruments are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or
   (ii) that files, or is in the process of filing, the consolidated financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

If an entity that is not required to apply this IFRS chooses to disclose information about segments that does not comply with this IFRS, it shall not describe the information as segment information.

If a financial report contains both the consolidated financial statements of a parent that is within the scope of this IFRS and the parent's separate financial statements, segment information is required only in the consolidated financial statements.

Summary In addition to the objective, scope and related introduction, a summary of IFRS 8 appears below:

- Operating segments
- Reportable segments
  - Aggregation criteria
  - Quantitative thresholds
- Disclosure
  - General information
  - Information about profit or loss, assets and liabilities
- Measurement
  - Reconciliations
  - Restatement of previously reported information
- Entity-wide disclosures
  - Information about products and services
  - Information about geographical areas
  - Information about major customers
- Transition and effective date
- Withdrawal of IAS 14

- Appendices:
  - A Defined term
  - B Amendments to other IFRS

Last changed January 2010

Interpretations None

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRS. Figure 4.12 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
   25.xsd#ifrs_RevenuesFromTransactionsWithOtherOperatingSegmentsOfSameEntity"
   xlink:type="locator" xlink:label="loc_3"/>
<link:calculationArc xlink:type="arc" weight="1" order="20.0" xlink:to="loc_3" xlink:from="loc"
```

FIGURE 4.12 Fragment of XBRL tagging related to IFRS 8.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IFRS 9 Financial Instruments

Objective The objective of this IFRS is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

Scope An entity shall apply this IFRS to all items within the scope of IAS 39 *Financial Instruments: Recognition and Measurement*.

Summary In addition to the objective, scope and related introduction, a summary of IFRS 9 appears next:

- Recognition and derecognition
- Classification
- Measurement

- Hedge accounting
- Effective date and transition
- Appendices:
  - A Defined terms
  - B Application guidance
  - C Amendments to other IFRS

Last changed December 2011

Interpretations None

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Please note that, currently, no XBRL tagging is related directly to this standard.

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IFRS 10 Consolidated Financial Statements

Objective The objective of this IFRS is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. To meet the objective, this IFRS:

(a) requires an entity (the parent) that controls one or more other entities (subsidiaries) to present consolidated financial statements;
(b) defines the principle of control, and establishes control as the basis for consolidation;
(c) sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee;
(d) sets out the accounting requirements for the preparation of consolidated financial statements.

This IFRS does not deal with the accounting requirements for business combinations and their effect on consolidation, including goodwill arising on a business combination (see IFRS 3 *Business Combinations*).

Scope An entity that is a parent shall present consolidated financial statements. This IFRS applies to all entities, except as follows:

(a) A parent need not present consolidated financial statements if it meets all the following conditions:
   (i) it is a wholly owned subsidiary or is a partially owned subsidiary of another entity and all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated financial statements;
   (ii) its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
   (iii) it did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market;
   (iv) its ultimate or any intermediate parent produces consolidated financial statements that are available for public use and comply with IFRSs.

(b) Post-employment benefit plans or other long-term employee benefit plans to which IAS 19 *Employee Benefits* applies.

Summary In addition to the objective, scope and related introduction, a summary of IFRS 10 appears next:

- Control
  - Power
  - Returns
  - Link between power and returns
- Accounting requirements
  - Non-controlling interests
  - Loss of control
- Appendices:
  - A Defined terms
  - B Application guidance
    - Assessing control

      Purpose and design of an investee
      Power
      Exposure, or rights, to variable returns from an investee
      Link between power and returns

    - Delegated power
    - Relationship with other parties
    - Control of specified assets
    - Continuous assessment
  - Accounting requirements
    - Consolidation procedures
    - Uniform accounting policies
    - Measurement
    - Potential voting rights
    - Reporting date
    - Non-controlling interests
    - Changes in the proportion held by non-controlling interests
    - Loss of control
  - C Effective date and transition
  - D Amendments to other IFRS
- Basis for conclusions
- Appendix:
  - Amendments to the Basis for Conclusions on other IFRS

Last changed May 2011

Interpretations IFRS 10 superseded SIC-12 Consolidation – Special Purpose Entities

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Please note that, currently, no XBRL tagging is related directly to this standard.

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IFRS 11 Joint Arrangements

Objective The objective of this IFRS is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet the objective, this IFRS defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

Scope This IFRS shall be applied by all entities that are a party to a joint arrangement.

Summary In addition to the objective, scope and related introduction, a summary of IFRS 11 appears below:

- Joint arrangements
  - Joint control
  - Types of joint arrangement
- Financial statements of parties to a joint arrangement
  - Joint operations
  - Joint ventures
- Separate financial statements
- Appendices:
  - A Defined terms
  - B Application guidance
  - C Effective date, transition and withdrawal of other IFRS
  - D Amendments to other IFRS
- Approval by the Board of IFRS 11 issued in May 2011
- Basis for conclusion
- Appendix:
  - Amendments to the Basis for Conclusions on other IFRS
- Illustrative examples

Last changed May 2011

Interpretations IFRS 11 superseded SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data

partners perfectly with IFRSs. Please note that, currently, no XBRL tagging is related directly to this standard.

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IFRS 12 Disclosure of Interests in Other Entities

Objective The objective of this IFRS is to require an entity to disclose information that enables users of its financial statements to evaluate:

(a) the nature of, and risks associated with, its interests in other entities;
(b) the effects of those interests on its financial position, financial performance and cash flows.

To meet the objective, an entity shall disclose:

(a) the significant judgements and assumptions it has made in determining the nature of its interest in another entity or arrangement, and in determining the type of joint arrangement in which it has an interest;
(b) information about its interests in:
   (i) subsidiaries;
   (ii) joint arrangements and associates;
   (iii) structured entities that are not controlled by the entity (unconsolidated structured entities).

If the disclosures required by this IFRS, together with disclosures required by other IFRS, do not meet the objective stated above, an entity shall disclose whatever additional information is necessary to meet that objective.

An entity shall consider the level of detail necessary to satisfy the disclosure objective and how much emphasis to place on each of the requirements in this IFRS. It shall aggregate or disaggregate disclosures so that useful information is not obscured by either the inclusion of a large amount of insignificant detail or the aggregation of items that have different characteristics.

Scope This IFRS shall be applied by an entity that has an interest in any of the following:

(a) subsidiaries;
(b) joint arrangements (i.e. joint operations or joint ventures);
(c) associates;
(d) unconsolidated structured entities.

This IFRS does not apply to:

(a) post-employment benefit plans or other long-term employee benefit plans to which IAS 19 *Employee Benefits* applies;
(b) an entity's separate financial statements to which IAS 27 *Separate Financial Statements* applies. However, if an entity has interests in unconsolidated structured entities and prepares separate financial statements as its only financial statements, it shall apply the requirements when preparing those separate financial statements;
(c) an interest held by an entity that participates in, but does not have joint control of, a joint arrangement unless that interest results in significant influence over the arrangement or is an interest in a structured entity;
(d) an interest in another entity that is accounted for in accordance with IFRS 9 *Financial Instruments*. However, an entity shall apply this IFRS:
    (i) when that interest is an interest in an associate or a joint venture that, in accordance with IAS 28 *Investments in Associates and Joint Ventures*, is measured at fair value through profit or loss; or
    (ii) when that interest is an interest in an unconsolidated structured entity.

Summary In addition to the objective, scope and related introduction, a summary of IFRS 12 appears next:

- Significant judgements and assumptions
- Interests in subsidiaries
    - The interest that non-controlling interests have in the group's activities and cash flows
    - The nature and extent of significant restrictions
    - Nature of the risks associated with an entity's interests in consolidated structured entities
    - Consequences of changes in a parent's ownership interest in a subsidiary that do not result in a loss of control
    - Consequences of losing control of a subsidiary during the reporting period
- Interests in joint arrangements and associates
    - Nature, extent and financial effects of an entity's interests in joint arrangements and associates
    - Risks associated with an entity's interests in joint ventures and associates
- Interest in unconsolidated structured entities

  - Nature of interests
  - Nature of risks
- Appendices:
  - A Defined terms
  - B Application guidance
  - C Effective date and transition
  - D Amendments to other IFRS
- Approval by the Board of IFRS 12 issued in May 2011
- Basis for conclusion on IFRS 12

Last changed May 2011

Interpretations None

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRS. Figure 4.13 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2012-01-16.xsd#ifrs_NameOfSubsidiary" xlink:type="locator" xlink:label="loc_8"/>
<link:definitionArc xlink:type="arc" order="10.0" xlink:to="loc_8" xlink:from="loc_7"
    xlink:arcrole="http://xbrl.org/int/dim/arcrole/domain-member"/>
<link:loc xlink:href="../../ifrs-cor_2012-01-16.xsd#ifrs_CountryOfIncorporationOrResidenceOfSubsidiary"
```

FIGURE 4.13 Fragment of XBRL tagging related to IFRS 12.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL—Using Technology to Implement Standards.

IFRS 13 Fair Value Measurement

Objective This IFRS defines fair value, sets out in a single IFRS a framework for measuring fair value, and requires disclosures about fair value measurements.

Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

When a price for an identical asset or liability is not observable, an entity measures fair value using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value.

The definition of fair value focuses on assets and liabilities because they are a primary subject of accounting measurement. In addition, this IFRS shall be applied to an entity's own equity instruments measured at fair value.

Scope This IFRS applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except as specified below.

The measurement and disclosure requirements of this IFRS do not apply to the following:

(a) share-based payment transactions within the scope of IFRS 2 *Share-based Payment*;
(b) leasing transactions within the scope of IAS 17 *Leases*;
(c) measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

The disclosures required by this IFRS are not required for the following:

(a) plan assets measured at fair value in accordance with IAS 19 *Employee Benefits*;
(b) retirement benefit plan investments measured at fair value in accordance with IAS 26 *Accounting and Reporting by Retirement Benefit Plans*;
(c) assets for which the recoverable amount is fair value less costs of disposal in accordance with IAS 36.

The fair value measurement framework described in this IFRS applies to both initial and subsequent measurement if fair value is required or permitted by other IFRS.

Summary In addition to the objective, scope and related introduction, a summary of IFRS 13 appears below:

- Measurement
  - Definition of fair value
  - The asset or liability
  - The transaction
  - Market participants
  - The price
  - Application to non-financial assets
  - Application to liabilities and an entity's own equity instruments
  - Application to financial assets and financial liabilities with offsetting positions
  - in market risks or counterparty credit risk
  - Fair value at initial recognition
  - Valuation techniques
  - Inputs to valuation techniques
  - Fair value hierarchy
- Disclosure
- Appendices:
  - A Defined terms
  - B Application guidance
  - C Effective date and transition
  - D Amendments to other IFRS
- Approval by the Board of IFRS 13 issued in May 2011
- Basis for conclusions
- Appendix:
- Amendments to the Basis for Conclusions on other IFRS
- Illustrative examples
- Appendix:
  - Amendments to the guidance on other IFRS

Last changed May 2011

Interpretations None

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRS. Figure 4.14 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:type="locator" xlink:href="../../ifrs-cor_2012-01-
    16.xsd#ifrs_RecurringFairValueMeasurementMember" xlink:label="loc_13"/>
<link:loc xlink:type="locator" xlink:href="../../ifrs-cor_2012-01-16.xsd#ifrs_AtFairValueMember"
    xlink:label="loc_12"/>
```

FIGURE 4.14 Fragment of XBRL tagging related to IFRS 13.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

International Accounting Standards (IAS 1–41)

IAS 1 Presentation of Financial Statements

Objective This Standard prescribes the basis for presentation of general purpose financial statements to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. It sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

Scope An entity shall apply this Standard in preparing and presenting general purpose financial statements in accordance with International Financial Reporting Standards. Other IFRS set out the recognition, measurement and disclosure requirements for specific transactions and other events.

This Standard does not apply to the structure and content of condensed interim financial statements prepared in accordance with IAS 34 *Interim Financial Reporting*. This Standard applies equally to all entities, including those that present consolidated financial statements and those that present separate financial statements as defined in IAS 27 *Consolidated and Separate Financial Statements*.

This Standard uses terminology that is suitable for profit-oriented entities, including public sector business entities. If entities with not-for-profit activities in the private sector or the public sector apply this Standard, they may need to amend the descriptions used for particular line items in the financial statements and for the financial statements themselves.

Similarly, entities that do not have equity as defined in IAS 32 *Financial Instruments: Presentation* (e.g. some mutual funds) and entities whose share capital is not equity (e.g. some cooperative entities) may need to adapt the financial statement presentation of members' or unit holders' interests.

Summary In addition to the objective, scope and related introduction, a summary of IAS 1 appears next:

- Definitions
- Financial statements
  - Purpose of financial statements
  - Complete set of financial statements
  - General features
    - Fair presentation and compliance with IFRS
    - Going concern
    - Accrual basis of accounting
    - Materiality and aggregation
    - Offsetting
    - Frequency of reporting
    - Comparative information
    - Consistency of presentation
- Structure and Content
  - Introduction
  - Identification of the financial statements
  - Statement of financial position
    - Information to be presented in the statement of financial position
    - Current/non-current distinction
    - Current assets
    - Current liabilities
    - Information to be presented either in the statement of financial position or in the notes
  - Statement of comprehensive income
    - Information to be presented in the statement of comprehensive income

        - Profit or loss for the period
        - Other comprehensive income for the period
        - Information to be presented in the statement of comprehensive income or in the notes
    - Statement of changes in equity
        - Information to be presented in the statement of changes in equity
        - Information to be presented in the statement of changes in equity or in the notes
    - Statement of cash flows
    - Notes
        - Structure
        - Disclosure of accounting policies
        - Sources of estimation uncertainty
        - Capital
        - Puttable financial instruments classified as equity
        - Other disclosures
- Transition and effective date
- Withdrawal of IAS 1 (revised 2003)
- Appendix:
    - Amendments to other pronouncements

Last changed June 2011

Interpretations IAS 1 (2003) supersedes SIC 18 Consistency – Alternative Methods

IFRIC 17 Distributions of Non-cash Assets to Owners

SIC 27 Evaluating the Substance of Transactions in the Legal Form of a Lease

SIC 29 Disclosure – Service Concession Arrangements

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRS. Figure 4.15 shows an introductory fragment of XBRL tagging related to this standard.

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-25.xsd#ifrs_NoncurrentLiabilities"
    xlink:type="locator" xlink:label="loc_19"/>
<link:loc xlink:href="../../ifrs-cor_2011-03-25.xsd#ifrs_NoncurrentPayables"
    xlink:type="locator" xlink:label="loc_24"/>
```

FIGURE 4.15 Fragment of XBRL tagging related to IAS 1.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

IAS 2 Inventories

Objective The objective of this Standard is to prescribe the accounting treatment for inventories. A primary issue in accounting for inventories is the amount of cost to be recognised as an asset and carried forward until the related revenues are recognised. This Standard provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realisable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

Scope This Standard applies to all inventories, except:

(a) work in progress arising under construction contracts, including directly related service contracts (see IAS 11 *Construction Contracts*);
(b) financial instruments (see IAS 32 *Financial Instruments: Presentation* and IFRS 9 *Financial Instruments*);
(c) biological assets related to agricultural activity and agricultural produce at the point of harvest (see IAS 41 *Agriculture*).

This Standard does not apply to the measurement of inventories held by:

(a) producers of agricultural and forest products, agricultural produce after harvest, and minerals and mineral products, to the extent that they are measured at net realisable value in accordance with well-established practices in those industries. When such inventories are measured at net realisable value, changes in that value are recognised in profit or loss in the period of the change;
(b) commodity broker-traders who measure their inventories at fair value less costs to sell. When such inventories are measured at fair value less costs to sell, changes in fair value less costs to sell are recognised in profit or loss in the period of the change.

The inventories referred to in paragraph (a) immediately above are measured at net realisable value at certain stages of production. This occurs, for example, when agricultural crops have been harvested or minerals have been extracted and sale is assured under a forward contract or a government guarantee, or when an active market exists and there is a negligible risk of failure to sell. These inventories are excluded from only the measurement requirements of this Standard.

Broker-traders are those who buy or sell commodities for others or on their own account. The inventories referred to in paragraph (b) are principally acquired with the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margins. When these inventories are measured at fair value less costs to sell, they are excluded from only the measurement requirements of this Standard.

Summary In addition to the objective, scope and related introduction, a summary of IAS 2 appears below:

- Definitions
- Measurement of inventories
  - Cost of inventories
    - Costs of purchase
    - Costs of conversion
    - Other costs
    - Cost of inventories of a service provider
    - Cost of agricultural produce harvested from biological assets
    - Techniques for the measurement of cost
  - Cost formulas
  - Net realisable value
- Recognition as an expense
- Disclosure
- Effective date
- Withdrawal of other pronouncements
- Appendix:
  - Amendments to other pronouncements

Last changed January 2005

Interpretations IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

SIC 1 Consistency – Different Cost Formulas for Inventories

SIC 1 was superseded by and incorporated into IAS 2 (Revised 2003)

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.16 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-25.xsd#ifrs_ReversalOfInventoryWritedown"
    xlink:type="locator" xlink:label="loc_6"/>
<link:presentationArc xlink:type="arc" order="50.0" xlink:to="loc_6" xlink:from="loc"
    xlink:arcrole="http://www.xbrl.org/2003/arcrole/parent-child"/>
```

FIGURE 4.16 Fragment of XBRL tagging related to IAS 2.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 7 Cash Flow Statements

Objective Information about the cash flows of an entity is useful in providing users of financial statements with a basis to assess the ability of the entity to generate cash and cash equivalents and the needs of the entity to utilise those cash flows. The economic decisions that are taken by users require an evaluation of the ability of an entity to generate cash and cash equivalents and the timing and certainty of their generation.

The objective of this Standard is to require the provision of information about the historical changes in cash and cash equivalents of an entity by means of a statement of cash flows which classifies cash flows during the period from operating, investing and financing activities.

Scope An entity shall prepare a statement of cash flows in accordance with the requirements of this Standard and shall present it as an integral part of its financial statements for each period for which financial statements are presented.

This Standard supersedes IAS 7 *Statement of Changes in Financial Position*, approved in July 1977.

Users of an entity's financial statements are interested in how the entity generates and uses cash and cash equivalents. This is the case regardless of the nature of the entity's activities and irrespective of whether cash can be viewed as the product of the entity, as may be the case with a financial institution. Entities need cash for essentially the same reasons however different their principal revenue-producing activities might be. They need cash to conduct their operations, to pay their obligations and to provide returns to their investors. Accordingly, this Standard requires all entities to present a statement of cash flows.

Summary In addition to the objective, scope and related introduction, a summary of IAS 7 appears below:

- Benefits of cash flow information
- Definitions
  - Cash and cash equivalents
- Presentation of a statement of cash flows
  - Operating activities
  - Investing activities
  - Financing activities
- Reporting cash flows from operating activities
- Reporting cash flows from investing and financing activities
- Reporting cash flows on a net basis
- Foreign currency cash flows
- Interest and dividends
- Taxes on income
- Investments in subsidiaries, associates and joint ventures
- Changes in ownership interests in subsidiaries and other businesses
- Non-cash transactions
- Components of cash and cash equivalents
- Other disclosures
- Effective date

Last changed January 2010

Interpretations None

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data

partners perfectly with IFRSs. Figure 4.17 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_PaymentsToSuppliersForGoodsAndServices" xlink:type="locator"
    xlink:label="loc_12"/>
<link:calculationArc xlink:type="arc" weight="-1" order="70.0" xlink:to="loc_12"
```

FIGURE 4.17 Fragment of XBRL tagging related to IAS 7.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL—Using Technology to Implement Standards.

IAS 8 Accounting Policies, Changes in Accounting Estimates, and Errors

Objective The objective of this Standard is to prescribe the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. The Standard is intended to enhance the relevance and reliability of an entity's financial statements, and the comparability of those financial statements over time and with the financial statements of other entities.

Disclosure requirements for accounting policies, except those for changes in accounting policies, are set out in IAS 1 *Presentation of Financial Statements*.

Scope This Standard shall be applied in selecting and applying accounting policies, and accounting for changes in accounting policies, changes in accounting estimates and corrections of prior period errors.

The tax effects of corrections of prior period errors and of retrospective adjustments made to apply changes in accounting policies are accounted for and disclosed in accordance with IAS 12 *Income Taxes*.

Summary In addition to the objective, scope and related introduction, a summary of IAS 8 appears next:

- Definitions
- Accounting policies
  - Selection and application of accounting policies
  - Consistency of accounting policies

  - Changes in accounting policies
    - Applying changes in accounting policies
      Retrospective application
      Limitations on retrospective application
      Disclosure
- Changes in accounting estimates
  - Disclosure
- Errors
  - Limitations on retrospective restatement
  - Disclosure of prior period errors
- Impracticability in respect of retrospective application and retrospective restatement
- Effective date
- Withdrawal of other pronouncements
- Appendix:
  - Amendments to other pronouncements

Last changed January 2005

Interpretations IAS 8(2003) supersedes SIC 2 Consistency – Capitalisation of Borrowing Costs

IAS 8(2003) supersedes SIC 18 Consistency – Alternative Methods

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.18 shows an introductory fragment of XBRL tagging related to this Standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_DateByWhichApplicationOfIFRSIsRequired" xlink:type="locator"
    xlink:label="loc_8"/>
<link:definitionArc xlink:type="arc" order="30.0" xlink:to="loc_8" xlink:from="loc_5"
```

FIGURE 4.18 Fragment of XBRL tagging related to IAS 8.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 10 Events After the Balance Sheet Date

Objective The objective of this Standard is to prescribe:

(a) when an entity should adjust its financial statements for events after the reporting period;
(b) the disclosures that an entity should give about the date when the financial statements were authorised for issue and about events after the reporting period.

The Standard also requires that an entity should not prepare its financial statements on a going concern basis if events after the reporting period indicate that the going concern assumption is not appropriate.

Scope This Standard shall be applied in the accounting for, and disclosure of, events after the reporting period.

Summary In addition to the objective, scope and related introduction, a summary of IAS 10 appears below:

- Definitions
- Recognition and measurement
  - Adjusting events after the reporting period
  - Non-adjusting events after the reporting period
  - Dividends
- Going concern
- Disclosure
  - Date of authorisation for issue
  - Updating disclosure about conditions at the end of the reporting period
  - Non-adjusting events after the reporting period
- Effective date
- Withdrawal of IAS 10 (revised 1999)
- Appendix:
  - Amendments to other pronouncements

Last changed September 2007

Interpretations None

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.19 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_DestructionOfMajorProductionPlantMember" xlink:type="locator"
    xlink:label="loc_12"/>
<link:definitionArc xlink:type="arc" order="80.0" xlink:to="loc_12" xlink:from="loc_5"
```

FIGURE 4.19 Fragment of XBRL tagging related to IAS 10.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 11 Construction Contracts

Objective The objective of this Standard is to prescribe the accounting treatment of revenue and costs associated with construction contracts. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. Therefore, the primary issue in accounting for construction contracts is the allocation of contract revenue and contract costs to the accounting periods in which construction work is performed. This Standard uses the recognition criteria established in the Framework for the Preparation and Presentation of Financial Statements to determine when contract revenue and contract costs should be recognised as revenue and expenses in the statement of comprehensive income. It also provides practical guidance on the application of these criteria.

Scope This Standard shall be applied in accounting for construction contracts in the financial statements of contractors.

This Standard supersedes IAS 11 *Accounting for Construction Contracts*, approved in 1978.

Summary In addition to the objective, scope and related introduction, a summary of IAS 11 appears below:

- Definitions
- Combining and segmenting construction contracts
- Contract revenue
- Contract costs
- Recognition of contract revenue and expenses
- Recognition of expected losses
- Changes in estimates
- Disclosure
- Effective date

Last changed January 1995

Interpretations IFRIC 15 Agreements for the Construction of Real Estate
IFRIC 12 Service Concession Arrangements

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.20 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_AdvancesReceivedForContractsInProgress" xlink:type="locator"
    xlink:label="loc_3"/>
<link:presentationArc xlink:type="arc" order="50.0" xlink:to="loc_3" xlink:from="loc"
```

FIGURE 4.20 Fragment of XBRL tagging related to IAS 11.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 12 Income Taxes

Objective The objective of this Standard is to prescribe the accounting treatment for income taxes. The principal issue in accounting for income taxes is how to account for the current and future tax consequences of:

(a) the future recovery (settlement) of the carrying amount of assets (liabilities) that are recognised in an entity's statement of financial position;
(b) transactions and other events of the current period that are recognised in an entity's financial statements.

It is inherent in the recognition of an asset or liability that the reporting entity expects to recover or settle the carrying amount of that asset or liability. If it is probable that recovery or settlement of that carrying amount will make future tax payments larger (smaller) than they would be if such recovery or settlement were to have no tax consequences, this Standard requires an entity to recognise a deferred tax liability (deferred tax asset), with certain limited exceptions.

This Standard requires an entity to account for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves. Thus, for transactions and other events recognised in profit or loss, any related tax effects are also recognised in profit or loss. For transactions and other events recognised outside profit or loss (either in other comprehensive income or directly in equity), any related tax effects are also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively). Similarly, the recognition of deferred tax assets and liabilities in a business combination affects the amount of goodwill arising in that business combination or the amount of the bargain purchase gain recognised.

This Standard also deals with the recognition of deferred tax assets arising from unused tax losses or unused tax credits, the presentation of income taxes in the financial statements and the disclosure of information relating to income taxes.

Scope This Standard shall be applied in accounting for income taxes.

For the purposes of this Standard, income taxes include all domestic and foreign taxes which are based on taxable profits. Income taxes also include taxes, such as withholding taxes, which are payable by a subsidiary, associate or joint venture on distributions to the reporting entity.

This Standard does not deal with the methods of accounting for government grants (see IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*) or investment tax credits. However, it does deal with the accounting for temporary differences that may arise from such grants or investment tax credits.

Summary In addition to the objective, scope and related introduction, a summary of IFRS 9 appears below:

- Definitions
  - Tax base
- Recognition of current tax liabilities and current tax assets
- Recognition of deferred tax liabilities and deferred tax assets
  - Taxable temporary differences
    - Business combinations
    - Assets carried at fair value
    - Goodwill
    - Initial recognition of an asset or liability
  - Deductible temporary differences
    - Goodwill
    - Initial recognition of an asset or liability
  - Unused tax losses and unused tax credits
  - Reassessment of unrecognised deferred tax assets
  - Investments in subsidiaries, branches and associates and interests in joint ventures
- Measurement
- Recognition of current and deferred tax
  - Items recognised in profit or loss
  - Items recognised outside profit or loss
  - Deferred tax arising from a business combination
  - Current and deferred tax arising from share-based payment transactions
- Presentation
  - Tax assets and tax liabilities
    - Offset
  - Tax expense
    - Tax expense (income) related to profit or loss from ordinary activities
    - Exchange differences on deferred foreign tax liabilities or assets
- Disclosure
- Effective date

Last changed December 2010

Interpretations SIC 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets

SIC 25 Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.21 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
   25.xsd#ifrs_TaxExpenseIncomeAtApplicableTaxRate" xlink:type="locator"
   xlink:label="loc_8"/>
<link:calculationArc xlink:type="arc" weight="1" order="10.0" xlink:to="loc_8" xlink:from="loc_2"
```

FIGURE 4.21 Fragment of XBRL tagging related to IAS 12.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 16 Property, Plant, and Equipment

Objective The objective of this Standard is to prescribe the accounting treatment for property, plant and equipment so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. The principal issues in accounting for property, plant and equipment are the recognition of the assets, the determination of their carrying amounts and the depreciation charges and impairment losses to be recognised in relation to them.

Scope This Standard shall be applied in accounting for property, plant and equipment except when another Standard requires or permits a different accounting treatment.

This Standard does not apply to:

(a) property, plant and equipment classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*;
(b) biological assets related to agricultural activity (see IAS 41 *Agriculture*);

(c) the recognition and measurement of exploration and evaluation assets (see IFRS 6 *Exploration for and Evaluation of Mineral Resources*); or
(d) mineral rights and mineral reserves such as oil, natural gas and similar non-regenerative resources.

However, this Standard applies to property, plant and equipment used to develop or maintain the assets described in (b) – (d).

Other Standards may require recognition of an item of property, plant and equipment based on an approach different from that in this Standard. For example, IAS 17 *Leases* requires an entity to evaluate its recognition of an item of leased property, plant and equipment on the basis of the transfer of risks and rewards. However, in such cases other aspects of the accounting treatment for these assets, including depreciation, are prescribed by this Standard.

An entity using the cost model for investment property in accordance with IAS 40 *Investment Property* shall use the cost model in this Standard.

Summary In addition to the objective, scope and related introduction, a summary of IAS 16 appears below:

- Definitions
- Recognition
  - Initial costs
  - Subsequent costs
- Measurement at recognition
  - Elements of cost
  - Measurement of cost
- Measurement after recognition
  - Cost model
  - Revaluation model
  - Depreciation
    - Depreciable amount and depreciation period
    - Depreciation method
  - Impairment
  - Compensation for impairment
- Derecognition
- Disclosure
- Transitional provisions
- Effective date
- Withdrawal of other pronouncements

- Appendix:
  - Amendments to other pronouncements

Last changed January 2009

Interpretations IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

SIC 6 Costs of Modifying Existing Software

SIC 6 was superseded by and incorporated into IAS 16 (2003).

SIC 14 Property, Plant and Equipment – Compensation for the Impairment or Loss of Items

SIC 14 was superseded by and incorporated into IAS 16 (2003).

SIC 23 Property, Plant and Equipment – Major Inspection or Overhaul Costs

SIC 23 was superseded by and incorporated into IAS 16 (2003)

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.22 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
   25.xsd#ifrs_DepreciationPropertyPlantAndEquipment" xlink:type="locator"
   xlink:label="loc_5"/>
<link:calculationArc xlink:type="arc" weight="-1" order="40.0" xlink:to="loc_5" xlink:from="loc"
```

FIGURE 4.22 Fragment of XBRL tagging related to IAS 16.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 17 Leases

Objective The objective of this Standard is to prescribe, for lessees and lessors, the appropriate accounting policies and disclosure to apply in relation to leases.

Scope This Standard shall be applied in accounting for all leases other than:

(a) leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources;
(b) licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights.

However, this Standard shall not be applied as the basis of measurement for:

(a) property held by lessees that is accounted for as investment property (see IAS 40 *Investment Property*);
(b) investment property provided by lessors under operating leases (see IAS 40);
(c) biological assets held by lessees under finance leases (see IAS 41 *Agriculture*); or
(d) biological assets provided by lessors under operating leases (see IAS 41).

This Standard applies to agreements that transfer the right to use assets even though substantial services by the lessor may be called for in connection with the operation or maintenance of such assets. This Standard does not apply to agreements that are contracts for services that do not transfer the right to use assets from one contracting party to the other.

Summary In addition to the objective, scope and related introduction, a summary of IAS 17 appears next:

- Definitions
- Classification of leases
- Leases in the financial statements of lessees
  - Finance leases
    - Initial recognition
    - Subsequent measurement
    - Disclosures
  - Operating leases
    - Disclosures
- Leases in the financial statements of lessors
  - Finance leases
    - Initial recognition
    - Subsequent measurement

        - Disclosures
    - Operating leases
        - Disclosures
- Sale and leaseback transactions
- Transitional provisions
- Effective date
- Withdrawal of IAS 17 (revised 1997)
- Appendix:
    - Amendments to other pronouncements

Last changed January 2010

Interpretations IFRIC 4 Determining Whether an Arrangement Contains a Lease

SIC 15 Operating Leases – Incentives

SIC 27 Evaluating the Substance of Transactions in the Legal Form of a Lease

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.23 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_RecognisedFinanceLeaseAsAssetsGross" xlink:type="locator"
    xlink:label="loc_2"/>
<link:calculationArc xlink:type="arc" weight="1" order="10.0" xlink:to="loc_2" xlink:from="loc"
```

FIGURE 4.23 Fragment of XBRL tagging related to IAS 17.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 18 Revenue

Objective Income is defined in the Framework for the Preparation and Presentation of Financial Statements as increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants. Income encompasses both revenue and gains. Revenue is income that arises in the course of ordinary activities of an entity and is referred to by a variety of names, including sales, fees, interest, dividends and royalties. The objective of this Standard is to prescribe the accounting treatment of revenue arising from certain types of transactions and events.

The primary issue in accounting for revenue is determining when to recognise revenue. Revenue is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. This Standard identifies the circumstances in which these criteria will be met and, therefore, revenue will be recognised. It also provides practical guidance on the application of these criteria.

Scope This Standard shall be applied in accounting for revenue arising from the following transactions and events:

(a) the sale of goods;
(b) the rendering of services;
(c) the use by others of entity assets yielding interest, royalties and dividends.

This Standard supersedes IAS 18 *Revenue Recognition*, approved in 1982.

Goods includes goods produced by the entity for the purpose of sale and goods purchased for resale, such as merchandise purchased by a retailer or land and other property held for resale.

The rendering of services typically involves the performance by the entity of a contractually agreed task over an agreed period of time. The services may be rendered within a single period or over more than one period. Some contracts for the rendering of services are directly related to construction contracts, for example those for the services of project managers and architects. Revenue arising from these contracts is covered in this Standard but is dealt with in accordance with the requirements for construction contracts as specified in IAS 11 *Construction Contracts*.

The use by others of entity assets gives rise to revenue in the form of:

(a) interest – charges for the use of cash or cash equivalents or amounts due to the entity;
(b) royalties – charges for the use of long-term assets of the entity, for example patents, trademarks, copyrights and computer software;

(c) dividends – distributions of profits to holders of equity investments in proportion to their holdings of a particular class of capital.

This Standard does not deal with revenue arising from:

(a) lease agreements (see IAS 17 *Leases*);
(b) dividends arising from investments which are accounted for under the equity method (see IAS 28 *Investments in Associates*);
(c) insurance contracts within the scope of IFRS 4 *Insurance Contracts*;
(d) changes in the fair value of financial assets and financial liabilities or their disposal (see IFRS 9 *Financial Instruments*);
(e) changes in the value of other current assets;
(f) initial recognition and from changes in the fair value of biological assets related to agricultural activity (see IAS 41 *Agriculture*);
(g) initial recognition of agricultural produce (see IAS 41);
(h) the extraction of mineral ores.

Summary In addition to the objective, scope and related introduction, a summary of IAS 18 appears below:

- Definitions
- Measurement of revenue
- Identification of the transaction
- Sale of goods
- Rendering of services
- Interest, royalties and dividends
- Disclosure
- Effective date

Last changed April 2009

Interpretations IFRIC 18 Transfers of Assets from Customers
IFRIC 15 Agreements for the Construction of Real Estate
IFRIC 13 Customer Loyalty Programmes
IFRIC 12 Service Concession Arrangements
SIC 27 Evaluating the Substance of Transactions in the Legal Form of a Lease
SIC 31 Revenue – Barter Transactions Involving Advertising Services

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.24 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-25.xsd#ifrs_DisclosureOfRevenueExplanatory"
    xlink:type="locator" xlink:label="loc"/>
<link:loc xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_DescriptionOfAccountingPolicyForRecognitionOfRevenue"
```

FIGURE 4.24 Fragment of XBRL tagging related to IAS 18.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 19 Employee Benefits

Objective The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. The Standard requires an entity to recognise:

(a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future;
(b) an expense when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

Scope This Standard shall be applied by an employer in accounting for all employee benefits, except those to which IFRS 2 *Share-based Payment* applies.

This Standard does not deal with reporting by employee benefit plans (see IAS 26 *Accounting and Reporting by Retirement Benefit Plans*).

The employee benefits to which this Standard applies include those provided:

(a) under formal plans or other formal agreements between an entity and individual employees, groups of employees or their representatives;
(b) under legislative requirements, or through industry arrangements, whereby entities are required to contribute to national, state, industry or other multi-employer plans; or
(c) by those informal practices that give rise to a constructive obligation. Informal practices give rise to a constructive obligation where the entity

has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

Employee benefits include:

(a) short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within 12 months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees;
(b) post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care;
(c) other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within 12 months after the end of the period, profit-sharing, bonuses and deferred compensation;
(d) termination benefits.

Because each category identified in (a) – (d) above has different characteristics, this Standard establishes separate requirements for each category.

Employee benefits include benefits provided to either employees or their dependants and may be settled by payments (or the provision of goods or services) made either directly to the employees, their spouses, children or other dependants, or to others, such as insurance companies.

An employee may provide services to an entity on a full-time, part-time, permanent, casual or temporary basis. For the purpose of this Standard, employees include directors and other management personnel.

Summary In addition to the objective, scope and related introduction, a summary of IAS 19 appears next:

- Definitions
- Short-term employee benefits
  - Recognition and measurement
    - All short-term employee benefits
    - Short-term compensated absences
    - Profit-sharing and bonus plans
  - Disclosure
- Post-employment benefits: distinction between defined contribution plans and defined benefit plans

    - Multi-employer plans
    - Defined benefit plans that share risks between various entities under common control
    - State plans
    - Insured benefits
- Post-employment benefits: defined contribution plans
    - Recognition and measurement
    - Disclosure
- Post-employment benefits: defined benefit plans
    - Recognition and measurement
        - Accounting for the constructive obligation
        - Statement of financial position
        - Profit or loss
    - Recognition and measurement: present value of defined benefit obligations and current service cost
        - Actuarial valuation method
        - Attributing benefit to periods of service
        - Actuarial assumptions
        - Actuarial assumptions: discount rate
        - Actuarial assumptions: salaries, benefits and medical costs
        - Actuarial gains and losses
        - Past service cost
    - Recognition and measurement: plan assets
        - Fair value of plan assets
        - Reimbursements
        - Return on plan assets
    - Business combinations
    - Curtailments and settlements
    - Presentation
        - Offset
        - Current/non-current distinction
        - Financial components of post-employment benefit costs
    - Disclosure
- Other long-term employee benefits
    - Recognition and measurement
    - Disclosure
- Termination benefits
    - Recognition
    - Measurement

  - Disclosure
- Transitional provisions
- Effective date
- Appendix:
  - Amendments to other standards

Last changed June 2011

Interpretations IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.25 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_DefinedBenefitObligationAtPresentValue" xlink:type="locator"
    xlink:label="loc_53"/>
<link:presentationArc xlink:type="arc" order="10.0" xlink:to="loc_53" xlink:from="loc_47"
```

FIGURE 4.25 Fragment of XBRL tagging related to IAS 19.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 20 Accounting for Government Grants and Disclosure of Assistance

Objective The objective of IAS 20 is to prescribe the accounting for, and disclosure of, government grants and other forms of government assistance. Scope IAS 20 applies to all government grants and other forms of government assistance. However, it does not cover government assistance that is provided in the form of benefits in determining taxable income. It does not cover government grants covered by IAS 41 *Agriculture*, either. The benefit of a government loan at a below-market rate of interest is treated as a government grant.

Scope This Standard shall be applied in accounting for, and in the disclosure of, government grants and in the disclosure of other forms of government assistance.

This Standard does not deal with:

(a) the special problems arising in accounting for government grants in financial statements reflecting the effects of changing prices or in supplementary information of a similar nature;
(b) government assistance that is provided for an entity in the form of benefits that are available in determining taxable profit or tax loss, or are determined or limited on the basis of income tax liability. Examples of such benefits are income tax holidays, investment tax credits, accelerated depreciation allowances and reduced income tax rates;
(c) government participation in the ownership of the entity;
(d) government grants covered by IAS 41 *Agriculture*.

Summary In addition to the objective, scope and related introduction, a summary of IAS 20 appears below:

- Definitions
- Government grants
  - Non-monetary government grants
  - Presentation of grants related to assets
  - Presentation of grants related to income
  - Repayment of government grants
- Government assistance
- Disclosure
- Transitional provisions
- Effective date

Last changed January 2009

Interpretations SIC 10, Government Assistance – No Specific Relation to Operating Activities

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly.

Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.26 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
   25.xsd#ifrs_ProceedsFromGovernmentGrantsClassifiedAsFinancingActivities"
   xlink:type="locator" xlink:label="loc_6"/>
<link:reference xlink:role="http://www.xbrl.org/2009/role/commonPracticeRef"
```

FIGURE 4.26 Fragment of XBRL tagging related to IAS 20.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 21 Effects of Change in Foreign Exchange Rates

Objective An entity may carry on foreign activities in two ways. It may have transactions in foreign currencies or it may have foreign operations. In addition, an entity may present its financial statements in a foreign currency. The objective of this Standard is to prescribe how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency.

The principal issues are which exchange rate(s) to use and how to report the effects of changes in exchange rates in the financial statements.

Scope This Standard shall be applied:

(a) in accounting for transactions and balances in foreign currencies, except for those derivative transactions and balances that are within the scope of IFRS 9 *Financial Instruments*;
(b) in translating the results and financial position of foreign operations that are included in the financial statements of the entity by consolidation, proportionate consolidation or the equity method;
(c) in translating an entity's results and financial position into a presentation currency.

IFRS 9 applies to many foreign currency derivatives and, accordingly, these are excluded from the scope of this Standard. However, those foreign currency derivatives that are not within the scope of IFRS 9 (e.g. some foreign currency derivatives that are embedded in other contracts) are within the scope of this Standard. In addition, this Standard applies when an entity translates amounts relating to derivatives from its functional currency to its presentation currency.

This Standard does not apply to hedge accounting for foreign currency items, including the hedging of a net investment in a foreign operation. IAS 39 applies to hedge accounting.

This Standard applies to the presentation of an entity's financial statements in a foreign currency and sets out requirements for the resulting financial statements to be described as complying with IFRS. For translations of financial information into a foreign currency that do not meet these requirements, this Standard specifies information to be disclosed.

This Standard does not apply to the presentation in a statement of cash flows of the cash flows arising from transactions in a foreign currency, or to the translation of cash flows of a foreign operation (see IAS 7 *Statement of Cash Flows*).

Summary In addition to the objective, scope and related introduction, a summary of IAS 21 appears below:

- Definitions
  - Elaboration on the definitions
    - Functional currency
    - Net investment in a foreign operation
    - Monetary items
- Summary of the approach required by this standard
- Reporting foreign currency transactions in the functional currency
  - Initial recognition
  - Reporting at the ends of subsequent reporting periods
  - Recognition of exchange differences
  - Change in functional currency
- Use of a presentation currency other than the functional currency
  - Translation to the presentation currency
  - Translation of a foreign operation
  - Disposal or partial disposal of a foreign operation
- Tax effects of all exchange differences
- Disclosure
- Effective date and transition
- Withdrawal of other pronouncements

- Appendix:
  - Amendments to other pronouncements

Last changed July 2009

Interpretations IFRIC 16 Hedge of a Net Investment in a Foreign Operation

SIC 30 Reporting Currency – Translation from Measurement Currency to Presentation Currency

SIC 30 was superseded and incorporated into the 2003 revision of IAS 21.

SIC 19 Reporting Currency – Measurement and Presentation of Financial Statements under IAS 21 and IAS 29

SIC 19 was superseded and incorporated into the 2003 revision of IAS 21.

SIC 11 Foreign Exchange – Capitalisation of Losses Resulting from Severe Currency Devaluations

SIC 11 was superseded and incorporated into the 2003 revision of IAS 21.

SIC 7 Introduction of the Euro

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.27 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:type="locator" xlink:label="loc_3" xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_DisclosureOfEffectOfChangesInForeignExchangeRatesExplanatory"/>
<link:reference xlink:role="http://www.xbrl.org/2003/role/disclosureRef"
xlink:type="resource" xlink:label="res_5">
```

FIGURE 4.27 Fragment of XBRL tagging related to IAS 21.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 23 Borrowing Costs

Objective Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognised as an expense.

Scope An entity shall apply this Standard in accounting for borrowing costs. The Standard does not deal with the actual or imputed cost of equity, including preferred capital not classified as a liability.

An entity is not required to apply the Standard to borrowing costs directly attributable to the acquisition, construction or production of:

(a) a qualifying asset measured at fair value, for example a biological asset; or
(b) inventories that are manufactured, or otherwise produced, in large quantities on a repetitive basis.

Summary In addition to the objective, scope and related introduction, a summary of IAS 23 appears below:

- Definitions
- Recognition
  - Borrowing costs eligible for capitalisation
  - Excess of the carrying amount of the qualifying asset over recoverable amount
  - Commencement of capitalisation
  - Suspension of capitalisation
  - Cessation of capitalisation
- Disclosure
- Transitional provisions
- Effective date
- Withdrawal of IAS 23 (revised 1993)
- Appendix:
  - Amendments to other pronouncements

Last changed January 2009

Interpretations SIC 2 Consistency – Capitalisation of Borrowing Costs
SIC 2 was superseded by and incorporated into IAS 8 in December 2003.

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data

partners perfectly with IFRSs. Figure 4.28 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
   25.xsd#ifrs_DisclosureOfBorrowingCostsExplanatory" xlink:type="locator"
   xlink:label="loc"/>
<link:loc xlink:href="../../ifrs-cor_2011-03-25.xsd#ifrs_BorrowingCostsCapitalised"
```

FIGURE 4.28 Fragment of XBRL tagging related to IAS 23.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 24 Related Party Disclosures

Objective The objective of this Standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

Scope This Standard shall be applied in:

(a) identifying related party relationships and transactions;
(b) identifying outstanding balances, including commitments, between an entity and its related parties;
(c) identifying the circumstances in which disclosure of the items in (a) and (b) is required;
(d) determining the disclosures to be made about those items.

This Standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of a parent, venturer or investor presented in accordance with IAS 27 *Consolidated and Separate Financial Statements*. This Standard also applies to individual financial statements.

Related party transactions and outstanding balances with other entities in a group are disclosed in an entity's financial statements. Intra-group related party transactions and outstanding balances are eliminated in the preparation of consolidated financial statements of the group.

Summary In addition to the objective, scope and related introduction, a summary of IAS 24 appears below:

- Purpose of related party disclosures
- Definitions
- Disclosures
  - All entities
  - Government-related entities
- Effective date and transition
- Withdrawal of IAS 24 (2003)
- Appendix:
  - Amendment to IFRS 8 *Operating Segments*

Last changed January 2011

Interpretations None

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.29 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_DisclosureOfTransactionsBetweenRelatedPartiesTable" xlink:type="locator"
    xlink:label="loc_2"/>
<link:definitionArc xlink:type="arc" xbrldt:contextElement="scenario" xbrldt:closed="true"
```

FIGURE 4.29 Fragment of XBRL tagging related to IAS 24.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 26 Accounting and Reporting by Retirement Benefit Plans

Objective The objective of IAS 26 is to specify measurement and disclosure principles for the reports of retirement benefit plans. All plans should include in their reports a statement of changes in net assets available for benefits, a summary of significant accounting policies, and a description of the plan and the effect of any changes in the plan during the period.

Scope This Standard shall be applied in the financial statements of retirement benefit plans where such financial statements are prepared.

Retirement benefit plans are sometimes referred to by various other names, such as 'pension schemes', 'superannuation schemes' or 'retirement benefit schemes'. This Standard regards a retirement benefit plan as a reporting entity separate from the employers of the participants in the plan. All other Standards apply to the financial statements of retirement benefit plans to the extent that they are not superseded by this Standard.

This Standard deals with accounting and reporting by the plan to all participants as a group. It does not deal with reports to individual participants about their retirement benefit rights.

IAS 19 *Employee Benefits* is concerned with the determination of the cost of retirement benefits in the financial statements of employers having plans. Hence this Standard complements IAS 19.

Retirement benefit plans may be defined contribution plans or defined benefit plans. Many require the creation of separate funds, which may or may not have separate legal identity and may or may not have trustees, to which contributions are made and from which retirement benefits are paid. This Standard applies regardless of whether such a fund is created and regardless of whether there are trustees.

Retirement benefit plans with assets invested with insurance companies are subject to the same accounting and funding requirements as privately invested arrangements. Accordingly, they are within the scope of this Standard unless the contract with the insurance company is in the name of a specified participant or a group of participants and the retirement benefit obligation is solely the responsibility of the insurance company.

This Standard does not deal with other forms of employment benefits such as employment termination indemnities, deferred compensation arrangements, long-service leave benefits, special early retirement or redundancy plans, health and welfare plans or bonus plans. Government social security type arrangements are also excluded from the scope of this Standard.

Summary In addition to the objective, scope and related introduction, a summary of IAS 26 appears below:

- Definitions
- Defined contribution plans
- Defined benefit plans
  - Actuarial present value of promised retirement benefits
  - Frequency of actuarial valuations
  - Financial statement content
- All plans
  - Valuation of plan assets
  - Disclosure
- Effective date

Last changed 1994

Interpretations None

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.30 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
   25.xsd#ifrs_IncreaseDecreaseInNetAssetsAvailableForBenefits" xlink:type="locator"
   xlink:label="loc"/>
<link:loc xlink:href="../../ifrs-cor_2011-03-25.xsd#ifrs_EmployerContributions"
```

FIGURE 4.30 Fragment of XBRL tagging related to IAS 26.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 27 Consolidated and Separate Financial Statements

Objective IAS 27 has the twin objectives of setting standards to be applied in the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent, and in accounting for investments in subsidiaries, jointly controlled entities, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

Scope This Standard shall be applied in the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent.

This Standard does not deal with methods of accounting for business combinations and their effects on consolidation, including goodwill arising on a business combination (see IFRS 3 *Business Combinations*).

This Standard shall also be applied in accounting for investments in subsidiaries, jointly controlled entities and associates when an entity elects, or is required by local regulations, to present separate financial statements.

Summary In addition to the objective, scope and related introduction, a summary of IAS 27 appears below:

- Definitions
- Presentation of consolidated financial statements
- Scope of consolidated financial statements
- Consolidation procedures
- Loss of control
- Accounting for investments in subsidiaries, jointly controlled entities and associates in separate financial statements
- Disclosure
- Effective date and transition
- Withdrawal of IAS 27 (2003)
- Appendix:
    - Amendments to other IFRS

Last changed July 2010

Interpretations IFRIC 17 Distributions of Non-cash Assets to Owners

SIC 12, Consolidation – Special Purpose Entities

IAS 27 (revised 2003) supersedes SIC 33, Consolidation and Equity Method – Potential Voting Rights and Allocation of Ownership Interest

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.31 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:type="locator" xlink:label="loc_11" xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_ConsolidatedAndSeparateFinancialStatementsAxis"/>
<link:reference xlink:role="http://www.xbrl.org/2003/role/disclosureRef"
xlink:type="resource" xlink:label="res_12">
```

FIGURE 4.31 Fragment of XBRL tagging related to IAS 27.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 28 Investments in Associates

Objective For IAS 28 the main objective was to reduce alternatives in the application of the equity method and in accounting for investments in associates in separate financial statements.

Scope This Standard shall be applied in accounting for investments in associates. However, it does not apply to investments in associates held by:

(a) venture capital organisations; or
(b) mutual funds, unit trusts and similar entities, including investment-linked insurance funds that are measured at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments*. An entity shall measure such investments at fair value through profit or loss in accordance with IFRS 9.

Summary In addition to the objective, scope and related introduction, a summary of IFRS 9 appears next:

- Definitions
  - Significant influence
  - Equity method
- Application of the equity method

  - Impairment losses
- Separate financial statements
- Disclosure
- Effective date and transition
- Withdrawal of other pronouncements
- Appendix:
  - Amendments to other pronouncements

Last changed July 2009

Interpretations IAS 28 (2003) superseded SIC 3 Elimination of Unrealised Profits and Losses on Transactions with Associates

IAS 28 (2003) superseded SIC 20 Equity Accounting Method – Recognition of Losses

IAS 28 (2003) superseded SIC 33 Consolidation and Equity Method – Potential Voting Rights and Allocation of Ownership Interest

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.32 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_AssociatesNotAccountedForUsingEquityMethodMember" xlink:type="locator"
    xlink:label="loc_15"/>
<link:presentationArc xlink:type="arc" order="10.0" xlink:to="loc_15" xlink:from="loc_14"
```

FIGURE 4.32 Fragment of XBRL tagging related to IAS 28.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 29 Financial Reporting in Hyperinflationary Economies

Objective The objective of IAS 29 is to establish specific standards for entities reporting in the currency of a hyperinflationary economy so that the financial information provided is meaningful.

Scope This Standard shall be applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

In a hyperinflationary economy, reporting of operating results and financial position in the local currency without restatement is not useful. Money loses purchasing power at such a rate that comparison of amounts from transactions and other events that have occurred at different times, even within the same accounting period, is misleading.

This Standard does not establish an absolute rate at which hyperinflation is deemed to arise. It is a matter of judgement when restatement of financial statements in accordance with this Standard becomes necessary. Hyperinflation is indicated by characteristics of the economic environment of a country, which include, but are not limited to, the following:

(a) the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power;
(b) the general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency;
(c) sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;
(d) interest rates, wages and prices are linked to a price index;
(e) the cumulative inflation rate over three years is approaching, or exceeds, 100 per cent.

It is preferable that all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Nevertheless, this Standard applies to the financial statements of any entity from the beginning of the reporting period in which it identifies the existence of hyperinflation in the country in whose currency it reports.

Summary In addition to the objective, scope and related introduction, a summary of IAS 29 appears next:

- The restatement of financial statements
  - Historical cost financial statements
    - Statement of financial position

    - Statement of comprehensive income
    - Gain or loss on net monetary position
  - Current cost financial statements
    - Statement of financial position
    - Statement of comprehensive income
    - Gain or loss on net monetary position
  - Taxes
  - Statement of cash flows
  - Corresponding figures
  - Consolidated financial statements
  - Selection and use of the general price index
- Economies ceasing to be hyperinflationary
- Disclosures
- Effective date

Last changed January 2009

Interpretations IAS 21 has superseded SIC 19 Reporting Currency – Measurement and Presentation of Financial Statements under IAS 21 and IAS 29

IAS 21 has superseded SIC 30 Reporting Currency – Translation from Measurement Currency to Presentation Currency

IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.33 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:type="locator" xlink:label="loc_3" xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_PriceIndexMovements"/>
<link:referenceArc xlink:type="arc" xlink:to="res_5" xlink:from="loc_3"
    xlink:arcrole="http://www.xbrl.org/2003/arcrole/concept-reference"/>
```

FIGURE 4.33 Fragment of XBRL tagging related to IAS 29.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 31 Interest in Joint Ventures

Objective The objective of this standard is to make the amendments necessary to take account of the extensive changes being made to IAS 27 *Consolidated Financial Statements and Accounting for Investments in Subsidiaries* and IAS 28 *Accounting for Investments in Associates* as part of the Improvements project.

Scope This Standard shall be applied in accounting for interests in joint ventures and the reporting of joint venture assets, liabilities, income and expenses in the financial statements of venturers and investors, regardless of the structures or forms under which the joint venture activities take place. However, it does not apply to venturers' interests in jointly controlled entities held by:

(a) venture capital organisations; or
(b) mutual funds, unit trusts and similar entities, including investment-linked insurance funds that are measured at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments*. An entity shall measure such investments at fair value through profit or loss in accordance with IFRS 9.

A venturer with an interest in a jointly controlled entity is exempted from paragraphs 30 (proportionate consolidation) and 38 (equity method) when it meets the following conditions:

(a) the interest is classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*;
(b) the exception in IAS 27 *Consolidated and Separate Financial Statements* allowing a parent that also has an interest in a jointly controlled entity not to present consolidated financial statements is applicable; or
(c) all of the following apply:
    (i) the venturer is a wholly owned subsidiary, or is a partially owned subsidiary of another entity and its owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the venturer not applying proportionate consolidation or the equity method;
    (ii) the venturer's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);

(iii) the venturer did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation, for the purpose of issuing any class of instruments in a public market;
(iv) the ultimate or any intermediate parent of the venturer produces consolidated financial statements available for public use that comply with IFRS.

Summary In addition to the objective, scope and related introduction, a summary of IAS 31 appears below:

- Definitions
  - Forms of joint venture
  - Joint control
  - Contractual arrangement
- Jointly controlled operations
- Jointly controlled assets
- Jointly controlled entities
  - Financial statements of a venturer
    - Proportionate consolidation
    - Equity method
    - Exceptions to proportionate consolidation and equity method
  - Separate financial statements of a venturer
- Transactions between a venturer and a joint venture
- Reporting interests in joint ventures in the financial statements of an investor
- Operators of joint ventures
- Disclosure
- Effective date and transition
- Withdrawal of IAS 31 (revised 2000)
- Appendix:
  - Amendments to other pronouncements

Last changed July 2009

Interpretations SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.34 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:type="locator" xlink:label="loc_2" xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_ProportionOfOwnershipInterestInJointlyControlledEntity"/>
<link:referenceArc xlink:type="arc" xlink:to="res_4" xlink:from="loc_2"
    xlink:arcrole="http://www.xbrl.org/2003/arcrole/concept-reference"/>
```

FIGURE 4.34 Fragment of XBRL tagging related to IAS 31.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 32 Financial Instruments Presentation

Objective The objective of this Standard is to establish principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

The principles in this Standard complement the principles for recognising and measuring financial assets and financial liabilities in IFRS 9 *Financial Instruments*, and for disclosing information about them in IFRS 7 *Financial Instruments: Disclosures*.

Scope This Standard shall be applied by all entities to all types of financial instruments except:

(a) those interests in subsidiaries, associates or joint ventures that are accounted for in accordance with IAS 27 *Consolidated and Separate Financial Statements*, IAS 28 *Investments in Associates* or IAS 31 *Interests in Joint Ventures*. However, in some cases, IAS 27, IAS 28 or IAS 31 permit an entity to account for an interest in a subsidiary, associate or joint venture using IFRS 9; in those cases, entities shall apply the requirements of this

Standard. Entities shall also apply this Standard to all derivatives linked to interests in subsidiaries, associates or joint ventures;

(b) employers' rights and obligations under employee benefit plans, to which IAS 19 *Employee Benefits* applies;

(c) insurance contracts as defined in IFRS 4 *Insurance Contracts*. However, this Standard applies to derivatives that are embedded in insurance contracts if IFRS 9 requires the entity to account for them separately. Moreover, an issuer shall apply this Standard to financial guarantee contracts if the issuer applies IFRS 9 in recognising and measuring the contracts, but shall apply IFRS 4 if the issuer elects to apply IFRS 4 in recognising and measuring them;

(d) financial instruments that are within the scope of IFRS 4 because they contain a discretionary participation feature. However, these instruments are subject to all other requirements of this Standard. Furthermore, this Standard applies to derivatives that are embedded in these instruments (see IFRS 9);

(e) financial instruments, contracts and obligations under share-based payment transactions to which IFRS 2 *Share-based Payment* applies, except for:
   (i) contracts within the scope of this Standard, to which this Standard applies;
   (ii) paragraphs of this Standard, which shall be applied to treasury shares purchased, sold, issued or cancelled in connection with employee share option plans, employee share purchase plans, and all other share-based payment arrangements.

This Standard shall be applied to those contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements.

There are various ways in which a contract to buy or sell a non-financial item can be settled net in cash or another financial instrument or by exchanging financial instruments. These include:

(a) when the terms of the contract permit either party to settle it net in cash or another financial instrument or by exchanging financial instruments;

(b) when the ability to settle net in cash or another financial instrument, or by exchanging financial instruments, is not explicit in the terms of the contract, but the entity has a practice of settling similar contracts net in cash or another financial instrument, or by exchanging financial instruments (whether with the counterparty, by entering into offsetting contracts or by selling the contract before its exercise or lapse);

(c) when, for similar contracts, the entity has a practice of taking delivery of the underlying and selling it within a short period after delivery for the purpose of generating a profit from short-term fluctuations in price or dealer's margin;

(d) when the non-financial item that is the subject of the contract is readily convertible to cash.

A contract to which (b) or (c) applies is not entered into for the purpose of the receipt or delivery of the non-financial item in accordance with the entity's expected purchase, sale or usage requirements, and, accordingly, is within the scope of this Standard. Other contracts to which the preceding paragraph applies are evaluated to determine whether they were entered into and continue to be held for the purpose of the receipt or delivery of the non-financial item in accordance with the entity's expected purchase, sale or usage requirement, and accordingly, whether they are within the scope of this Standard.

A written option to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, in accordance with (a) or (d) of the preceding paragraph is within the scope of this Standard. Such a contract cannot be entered into for the purpose of the receipt or delivery of the non-financial item in accordance with the entity's expected purchase, sale or usage requirements.

Summary In addition to the objective, scope and related introduction, a summary of IAS 32 appears next:

- Definitions
- Presentation
    - Liabilities and equity
    - Puttable instruments
    - Instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation
    - Reclassification of puttable instruments and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation

    - No contractual obligation to deliver cash or another financial asset
    - Settlement in the entity's own equity instruments
    - Contingent settlement provisions
    - Settlement options
  - Compound financial instruments
  - Treasury shares
  - Interest, dividends, losses and gains
  - Offsetting a financial asset and a financial liability
- Effective date and transition
- Withdrawal of other pronouncements
- Appendix
  - Application guidance
- Definitions
  - Financial assets and financial liabilities
  - Equity instruments
    - The class of instruments that is subordinate to all other classes
    - Total expected cash flows attributed to the instrument over the life of the instrument
    - Transactions entered into by an instrument holder other than as owner of the entity
    - No other financial instrument or contract with total cash flows that substantially fixes or restricts the residual return to the instrument holder
  - Derivative financial instruments
  - Contracts to buy or sell non-financial items
- Presentation:
  - Liabilities and equity
    - No contractual obligation to deliver cash or another financial asset
    - Settlement in the entity's own equity instruments
    - Contingent settlement provisions
    - Treatment in consolidated financial statements
  - Compound financial instruments
  - Treasury shares
  - Interest, dividends, losses and gains
  - Offsetting a financial asset and a financial liability

Last changed December 2011

Interpretations IAS 32 (2003) superseded SIC 5 Classification of Financial Instruments – Contingent Settlement Provisions

IAS 32 (2003) superseded SIC 16 Share Capital – Reacquired Own Equity Instruments (Treasury Shares)

IAS 32 (2003) superseded SIC 17 Equity – Costs of an Equity Transaction

IFRIC 2 Members' Shares in Co-operative Entities and Similar Instruments

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs.

Please note that, currently, no XBRL tagging is related directly to this standard.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 33 Earnings per Share

Objective The objective of this Standard is to prescribe principles for the determination and presentation of earnings per share, so as to improve performance comparisons between different entities in the same reporting period and between different reporting periods for the same entity. Even though earnings per share data have limitations because of the different accounting policies that may be used for determining 'earnings', a consistently determined denominator enhances financial reporting. The focus of this Standard is on the denominator of the earnings per share calculation.

Scope This Standard shall apply to:

(a) the separate or individual financial statements of an entity:
   (i) whose ordinary shares or potential ordinary shares are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or
   (ii) that files, or is in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing ordinary shares in a public market;

(b) the consolidated financial statements of a group with a parent:
   (i) whose ordinary shares or potential ordinary shares are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or
   (ii) that files, or is in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing ordinary shares in a public market.

An entity that discloses earnings per share shall calculate and disclose earnings per share in accordance with this Standard.

When an entity presents both consolidated financial statements and separate financial statements prepared in accordance with IAS 27 *Consolidated and Separate Financial Statements*, the disclosures required by this Standard need be presented only on the basis of the consolidated information. An entity that chooses to disclose earnings per share based on its separate financial statements shall present such earnings per share information only in its statement of comprehensive income. An entity shall not present such earnings per share information in the consolidated financial statements.

If an entity presents the components of profit or loss in a separate income statement as described in IAS 1 *Presentation of Financial Statements* (as revised in 2007), it presents earnings per share only in that separate statement.

Summary In addition to the objective, scope and related introduction, a summary of IAS 33 appears next:

- Definitions
- Measurement
  - Basic earnings per share
    - Earnings
    - Shares
  - Diluted earnings per share
    - Earnings
    - Shares
    - Dilutive potential ordinary shares
      - Options, warrants and their equivalents
      - Convertible instruments
      - Contingently issuable shares
      - Contracts that may be settled in ordinary shares or cash

Purchased options
Written put options

- Retrospective adjustments
- Presentation
- Disclosure
- Effective date
- Withdrawal of other pronouncements
- Appendices:
  - A Application guidance
  - B Amendments to other pronouncements

Last changed January 2009

Interpretations IAS 33 (2003) superseded SIC 24 Earnings Per Share – Financial Instruments and Other Contracts that May Be Settled in Shares

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.35 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_BasicEarningsLossPerShareFromContinuingOperations" xlink:type="locator"
    xlink:label="loc_2"/>
<link:calculationArc xlink:type="arc" weight="1" order="10.0" xlink:to="loc_2" xlink:from="loc"
```

FIGURE 4.35 Fragment of XBRL tagging related to IAS 33.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 34 Interim Financial Reporting

Objective The objective of this Standard is to prescribe the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period. Timely and reliable interim financial reporting improves the ability of investors, creditors and others to understand an entity's capacity to generate earnings and cash flows and its financial condition and liquidity.

Scope This Standard does not mandate which entities should be required to publish interim financial reports, how frequently, or how soon after the end of an interim period. However, governments, securities regulators, stock exchanges and accountancy bodies often require entities whose debt or equity securities are publicly traded to publish interim financial reports. This Standard applies if an entity is required or elects to publish an interim financial report in accordance with IFRS. The International Accounting Standards Committee encourages publicly traded entities to provide interim financial reports that conform to the recognition, measurement and disclosure principles set out in this Standard. Specifically, publicly traded entities are encouraged:

(a) to provide interim financial reports at least as of the end of the first half of their financial year;
(b) to make their interim financial reports available not later than 60 days after the end of the interim period.

Each financial report, annual or interim, is evaluated on its own for conformity to IFRS. The fact that an entity may not have provided interim financial reports during a particular financial year or may have provided interim financial reports that do not comply with this Standard does not prevent the entity's annual financial statements from conforming to IFRS if they otherwise do so.

If an entity's interim financial report is described as complying with IFRS, it must comply with all of the requirements of this Standard. Paragraph 19 requires certain disclosures in that regard.

Summary In addition to the objective, scope and related introduction, a summary of IAS 34 appears next:

- Definitions
- Content of an interim financial report
  - Minimum components of an interim financial report
  - Form and content of interim financial statements
  - Significant events and transactions
  - Other disclosures
  - Disclosure of compliance with IFRS

  - Periods for which interim financial statements are required to be presented
  - Materiality
- Disclosure in annual financial statements
- Recognition and measurement
  - Same accounting policies as annual
  - Revenues received seasonally, cyclically or occasionally
  - Costs incurred unevenly during the financial year
  - Applying the recognition and measurement principles
  - Use of estimates
- Restatement of previously reported interim periods
- Effective date

Last changed January 2011

Interpretations IFRIC 10 Interim Financial Reporting and Impairment

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.36 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_ExplanationOfSeasonalityOrCyclicalityOfInterimOperations"
    xlink:type="locator" xlink:label="loc_5"/>
<link:presentationArc xlink:type="arc" order="30.0" xlink:to="loc_5" xlink:from="loc"
```

FIGURE 4.36 Fragment of XBRL tagging related to IAS 34.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 36 Impairment of Assets

Objective The objective of this Standard is to prescribe the procedures that an entity applies to ensure that its assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and the Standard requires the entity to recognise an impairment loss. The Standard also specifies when an entity should reverse an impairment loss and prescribes disclosures.

Scope This Standard shall be applied in accounting for the impairment of all assets, other than:

(a) inventories (see IAS 2 *Inventories*);
(b) assets arising from construction contracts (see IAS 11 *Construction Contracts*);
(c) deferred tax assets (see IAS 12 *Income Taxes*);
(d) assets arising from employee benefits (see IAS 19 *Employee Benefits*);
(e) financial assets that are within the scope of IFRS 9 *Financial Instruments*;
(f) investment property that is measured at fair value (see IAS 40 *Investment Property*);
(g) biological assets related to agricultural activity that are measured at fair value less costs to sell (see IAS 41 *Agriculture*);
(h) deferred acquisition costs, and intangible assets, arising from an insurer's contractual rights under insurance contracts within the scope of IFRS 4 *Insurance Contracts*;
(i) non-current assets (or disposal groups) classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

This Standard does not apply to inventories, assets arising from construction contracts, deferred tax assets, assets arising from employee benefits, or assets classified as held for sale (or included in a disposal group that is classified as held for sale) because existing IFRS applicable to these assets contain requirements for recognising and measuring these assets.

This Standard applies to financial assets classified as:

(a) subsidiaries, as defined in IAS 27 *Consolidated and Separate Financial Statements*;
(b) associates, as defined in IAS 28 *Investments in Associates*;
(c) joint ventures, as defined in IAS 31 *Interests in Joint Ventures*.

For impairment of other financial assets, refer to IAS 39.

This Standard does not apply to financial assets within the scope of IFRS 9, investment property measured at fair value in accordance with IAS 40, or biological assets related to agricultural activity measured at fair value less costs to sell in accordance with IAS 41. However, this Standard applies to assets that are carried at re-valued amount (i.e. fair value) in accordance with other IFRS, such as the revaluation model in IAS 16 *Property, Plant and Equipment*. Identifying whether a re-valued asset may be impaired depends on the basis used to determine fair value:

(a) if the asset's fair value is its market value, the only difference between the asset's fair value and its fair value less costs to sell is the direct incremental costs to dispose of the asset:
   (i) if the disposal costs are negligible, the recoverable amount of the re-valued asset is necessarily close to, or greater than, its re-valued amount (i.e. fair value). In this case, after the revaluation requirements have been applied, it is unlikely that the re-valued asset is impaired and recoverable amount need not be estimated;
   (ii) if the disposal costs are not negligible, the fair value less costs to sell of the re-valued asset is necessarily less than its fair value. Therefore the re-valued asset will be impaired if its value in use is less than its re-valued amount (i.e. fair value). In this case, after the re-valuation requirements have been applied, an entity applies this Standard to determine whether the asset may be impaired;
(b) if the asset's fair value is determined on a basis other than its market value, its re-valued amount (i.e. fair value) may be greater or lower than its recoverable amount. Hence, after the re-valuation requirements have been applied, an entity applies this Standard to determine whether the asset may be impaired.

Summary In addition to the objective, scope and related introduction, a summary of IAS 36 appears next:

- Definitions
- Identifying an asset that may be impaired
- Measuring recoverable amount:
  - Measuring the recoverable amount of an intangible asset with an indefinite useful life
  - Fair value less costs to sell
  - Value in use

    - Basis for estimates of future cash flows
    - Composition of estimates of future cash flows
    - Foreign currency future cash flows
    - Discount rate
- Recognising and measuring an impairment loss
- Cash-generating units and goodwill:
  - Identifying the cash-generating unit to which an asset belongs
  - Recoverable amount and carrying amount of a cash-generating unit
    - Goodwill
    - Allocating goodwill to cash-generating units
    - Testing cash-generating units with goodwill for impairment
    - Timing of impairment tests
    - Corporate assets
  - Impairment loss for a cash-generating unit
- Reversing an impairment loss:
  - Reversing an impairment loss for an individual asset
  - Reversing an impairment loss for a cash-generating unit
  - Reversing an impairment loss for goodwill
- Disclosure:
  - Estimates used to measure recoverable amounts of cash-generating units containing goodwill or intangible assets with indefinite useful lives
- Transitional provisions and effective date
- Withdrawal of IAS 36 (issued 1998)
- Appendices:
  - A Using present value techniques to measure value in use
  - B Amendment to IAS 16
  - C Impairment testing cash-generating units with goodwill and non-controlling interests

Last changed January 2010

Interpretations None

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data

partners perfectly with IFRSs. Figure 4.37 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_ImpairmentLossRecognisedInProfitOrLoss" xlink:type="locator"
    xlink:label="loc_5"/>
<link:presentationArc xlink:type="arc" order="10.0" xlink:to="loc_5" xlink:from="loc_57"
```

FIGURE 4.37 Fragment of XBRL tagging related to IAS 36.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Objective The objective of this Standard is to ensure that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to enable users to understand their nature, timing and amount.

Scope This Standard shall be applied by all entities in accounting for provisions, contingent liabilities and contingent assets, except:

(a) those resulting from executory contracts, except where the contract is onerous;
(b) those covered by another Standard.

This Standard does not apply to financial instruments (including guarantees) that are within the scope of IFRS 9 *Financial Instruments*.

Executory contracts are those under which neither party has performed any of its obligations or both parties have partially performed their obligations to an equal extent. This Standard does not apply to executory contracts unless they are onerous.

When another Standard deals with a specific type of provision, contingent liability or contingent asset, an entity applies that Standard instead of this Standard. For example, some types of provisions are addressed in Standards on:

(a) construction contracts (see IAS 11 *Construction Contracts*);
(b) income taxes (see IAS 12 *Income Taxes*);

(c) leases (see IAS 17 *Leases*). However, as IAS 17 contains no specific requirements to deal with operating leases that have become onerous, this Standard applies to such cases;
(d) employee benefits (see IAS 19 *Employee Benefits*);
(e) insurance contracts (see IFRS 4 *Insurance Contracts*). However, this Standard applies to provisions, contingent liabilities and contingent assets of an insurer, other than those arising from its contractual obligations and rights under insurance contracts within the scope of IFRS 4.

Some amounts treated as provisions may relate to the recognition of revenue, for example where an entity gives guarantees in exchange for a fee. This Standard does not address the recognition of revenue. IAS 18 *Revenue* identifies the circumstances in which revenue is recognised and provides practical guidance on the application of the recognition criteria. This Standard does not change the requirements of IAS 18.

This Standard defines provisions as liabilities of uncertain timing or amount. In some countries the term 'provision' is also used in the context of items such as depreciation, impairment of assets and doubtful debts: these are adjustments to the carrying amounts of assets and are not addressed in this Standard.

Other Standards specify whether expenditures are treated as assets or as expenses. These issues are not addressed in this Standard. Accordingly, this Standard neither prohibits nor requires capitalisation of the costs recognised when a provision is made.

This Standard applies to provisions for restructurings (including discontinued operations). When a restructuring meets the definition of a discontinued operation, additional disclosures may be required by IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Summary In addition to the objective, scope and related introduction, a summary of IAS 37 appears next:

- Definitions
  - Provisions and other liabilities
  - Relationship between provisions and contingent liabilities
- Recognition:
  - Provisions
    - Present obligation
    - Past event

    - Probable outflow of resources embodying economic benefits
    - Reliable estimate of the obligation
  - Contingent liabilities
  - Contingent assets
- Measurement:
  - Best estimate
  - Risks and uncertainties
  - Present value
  - Future events
  - Expected disposal of assets
- Reimbursements
- Changes in provisions
- Use of provisions
- Application of the recognition and measurement rules
  - Future operating losses
  - Onerous contracts
  - Restructuring
- Disclosure
- Transitional provisions
- Effective date

Last changed June 2005

Interpretations IFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities

IFRIC 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IFRIC 6 Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

IFRIC 17 Distributions of Non-cash Assets to Owners

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.38 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_DisclosureOfContingentLiabilitiesAbstract" xlink:type="locator"
    xlink:label="loc_34"/>
<link:presentationArc xlink:type="arc" order="10.0" xlink:to="loc_34" xlink:from="loc_3"
```

FIGURE 4.38 Fragment of XBRL tagging related to IAS 37.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 38 Intangible Assets

Objective The objective of this Standard is to prescribe the accounting treatment for intangible assets that are not dealt with specifically in another Standard. This Standard requires an entity to recognise an intangible asset if, and only if, specified criteria are met. The Standard also specifies how to measure the carrying amount of intangible assets and requires specified disclosures about intangible assets.

Scope This Standard shall be applied in accounting for intangible assets, except:

(a) intangible assets that are within the scope of another Standard;
(b) financial assets, as defined in IAS 32 *Financial Instruments: Presentation*;
(c) the recognition and measurement of exploration and evaluation assets (see IFRS 6 *Exploration for and Evaluation of Mineral Resources*);
(d) expenditure on the development and extraction of minerals, oil, natural gas and similar non-regenerative resources.

If another Standard prescribes the accounting for a specific type of intangible asset, an entity applies that Standard instead of this Standard. For example, this Standard does not apply to:

(a) intangible assets held by an entity for sale in the ordinary course of business (see IAS 2 *Inventories* and IAS 11 *Construction Contracts*);
(b) deferred tax assets (see IAS 12 *Income Taxes*);
(c) leases that are within the scope of IAS 17 *Leases*;
(d) assets arising from employee benefits (see IAS 19 *Employee Benefits*);

(e) financial assets as defined in IAS 32. The recognition and measurement of some financial assets are covered by IAS 27 *Consolidated and Separate Financial Statements*, IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures*;
(f) goodwill acquired in a business combination (see IFRS 3 *Business Combinations*);
(g) deferred acquisition costs, and intangible assets, arising from an insurer's contractual rights under insurance contracts within the scope of IFRS 4 *Insurance Contracts*. IFRS 4 sets out specific disclosure requirements for those deferred acquisition costs but not for those intangible assets. Therefore the disclosure requirements in this Standard apply to those intangible assets;
(h) non-current intangible assets classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Some intangible assets may be contained in or on a physical substance such as a compact disc (in the case of computer software), legal documentation (in the case of a licence or patent) or film. In determining whether an asset that incorporates both intangible and tangible elements should be treated under IAS 16 *Property, Plant and Equipment* or as an intangible asset under this Standard, an entity uses judgement to assess which element is more significant. For example, computer software for a computer-controlled machine tool that cannot operate without that specific software is an integral part of the related hardware and it is treated as property, plant and equipment. The same applies to the operating system of a computer. When the software is not an integral part of the related hardware, computer software is treated as an intangible asset.

This Standard applies to, among other things, expenditure on advertising, training, start-up, research and development activities. Research and development activities are directed to the development of knowledge. Therefore, although these activities may result in an asset with physical substance (e.g. a prototype), the physical element of the asset is secondary to its intangible component, that is, the knowledge embodied in it.

In the case of a finance lease, the underlying asset may be either tangible or intangible. After initial recognition, a lessee accounts for an intangible asset held under a finance lease in accordance with this Standard. Rights under licensing agreements for items such as motion picture films, video recordings, plays, manuscripts, patents and copyrights are excluded from the scope of IAS 17 and are within the scope of this Standard.

Exclusions from the scope of a Standard may occur if activities or transactions are so specialised that they give rise to accounting issues that may need to be dealt with in a different way. Such issues arise in the accounting for expenditure on the exploration for, or development and extraction of, oil, gas and mineral deposits in extractive industries and in the case of insurance contracts. Therefore, this Standard does not apply to expenditure on such activities and contracts. However, this Standard applies to other intangible assets used (such as computer software) and other expenditure incurred (such as start-up costs) in extractive industries or by insurers.

Summary In addition to the objective, scope and related introduction, a summary of IAS 38 appears next:

- Definitions
  - Intangible assets
    - Identifiability
    - Control
    - Future economic benefits
- Recognition and measurement
  - Separate acquisition
  - Acquisition as part of a business combination
    - Measuring the fair value of an intangible asset acquired in a business combination
    - Subsequent expenditure on an acquired in-process research and development project
  - Acquisition by way of a government grant
  - Exchanges of assets
  - Internally generated goodwill
  - Internally generated intangible assets
    - Research phase
    - Development phase
    - Cost of an internally generated intangible asset
- Recognition of an expense
  - Past expenses not to be recognised as an asset
- Measurement after recognition
  - Cost model
  - Revaluation model
- Useful life
- Intangible assets with finite useful lives

  - Amortisation period and amortisation method
  - Residual value
  - Review of amortisation period and amortisation method
- Intangible assets with indefinite useful lives
  - Review of useful life assessment
- Recoverability of the carrying amount – impairment
- Losses
- Retirements and disposals
- Disclosure
  - General
  - Intangible assets measured after recognition using the revaluation model
  - Research and development expenditure
  - Other information
- Transitional provisions and effective date
  - Exchanges of similar assets
  - Early application
- Withdrawal of IAS 38 (issued 1998)

Last changed July 2009

Interpretations IFRIC 12 Service Concession Arrangements
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
IAS 16 supersedes SIC 6 Costs of Modifying Existing Software
SIC 32 Intangible Assets – Website Costs

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.39 shows an introductory fragment of XBRL tagging related to this Standard.


```
<link:loc xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_AmortisationIntangibleAssetsOtherThanGoodwill" xlink:type="locator"
    xlink:label="loc_5"/>
<link:calculationArc xlink:type="arc" weight="-1" order="40.0" xlink:to="loc_5" xlink:from="loc"
```


FIGURE 4.39 Fragment of XBRL tagging related to IAS 38.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 39 Financial Instruments: Recognition and Measurement

Objective The objective of this Standard is to establish principles for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

Scope This Standard shall be applied by all entities to all types of financial instruments except:

(a) those interests in subsidiaries, associates and joint ventures that are accounted for under IAS 27 *Consolidated and Separate Financial Statements*, IAS 28 *Investments in Associates* or IAS 31 *Interests in Joint Ventures*. However, entities shall apply this Standard to an interest in a subsidiary, associate or joint venture that according to IAS 27, IAS 28 or IAS 31 is accounted for under this Standard. Entities shall also apply this Standard to derivatives on an interest in a subsidiary, associate or joint venture unless the derivative meets the definition of an equity instrument of the entity in IAS 32 *Financial Instruments: Presentation*;
(b) rights and obligations under leases to which IAS 17 *Leases* applies. However:
   (i) lease receivables recognised by a lessor are subject to the derecognition and impairment provisions of this Standard;
   (ii) finance lease payables recognised by a lessee are subject to the derecognition provisions of this Standard;
   (iii) derivatives that are embedded in leases are subject to the embedded derivatives provisions of this Standard;
(c) employers' rights and obligations under employee benefit plans, to which IAS 19 *Employee Benefits* applies;
(d) financial instruments issued by the entity that meet the definition of an equity instrument in IAS 32 (including options and warrants) or that are required to be classified as an equity instrument in accordance with IAS 32. However, the holder of such equity instruments shall apply this Standard to those instruments, unless they meet the exception in (a) above;
(e) rights and obligations arising under:
   (i) an insurance contract as defined in IFRS 4 *Insurance Contracts*, other than an issuer's rights and obligations arising under an insurance

contract that meets the definition of a financial guarantee contract in Appendix A of IFRS 9 *Financial Instruments*; or

(ii) a contract that is within the scope of IFRS 4 because it contains a discretionary participation feature. However, this Standard applies to a derivative that is embedded in a contract within the scope of IFRS 4 if the derivative is not itself a contract within the scope of IFRS 4. Moreover, if an issuer of financial guarantee contracts has previously asserted explicitly that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts, the issuer may elect to apply either this Standard or IFRS 4 to such financial guarantee contracts. The issuer may make that election contract by contract, but the election for each contract is irrevocable;

(f) any forward contract between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date. The term of the forward contract should not exceed a reasonable period normally necessary to obtain any required approvals and to complete the transaction;

(g) loan commitments other than those described below. An issuer of loan commitments shall apply IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* to loan commitments that are not within the scope of this Standard. However, all loan commitments are subject to the derecognition provisions of this Standard;

(h) financial instruments, contracts and obligations under share-based payment transactions to which IFRS 2 *Share-based Payment* applies, except for contracts within the scope of paragraphs 5–7 of this Standard, to which this Standard applies;

(i) rights to payments to reimburse the entity for expenditure it is required to make to settle a liability that it recognises as a provision in accordance with IAS 37, or for which, in an earlier period, it recognised a provision in accordance with IAS 37.

The following loan commitments are within the scope of this Standard:

(a) loan commitments that the entity designates as financial liabilities at fair value through profit or loss (see IFRS 9). An entity that has a past practice of selling the assets resulting from its loan commitments shortly after origination shall apply this Standard to all its loan commitments in the same class;

(b) loan commitments that can be settled net in cash or by delivering or issuing another financial instrument. These loan commitments are derivatives.

A loan commitment is not regarded as settled net merely because the loan is paid out in instalments (for example, a mortgage construction loan that is paid out in instalments in line with the progress of construction);

(c) commitments to provide a loan at a below-market interest rate (see IFRS 9).

This Standard shall be applied to those contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements.

There are various ways in which a contract to buy or sell a non-financial item can be settled net in cash or another financial instrument or by exchanging financial instruments. These include:

(a) when the terms of the contract permit either party to settle it net in cash or another financial instrument or by exchanging financial instruments;
(b) when the ability to settle net in cash or another financial instrument, or by exchanging financial instruments, is not explicit in the terms of the contract, but the entity has a practice of settling similar contracts net in cash or another financial instrument or by exchanging financial instruments (whether with the counterparty, by entering into offsetting contracts or by selling the contract before its exercise or lapse);
(c) when, for similar contracts, the entity has a practice of taking delivery of the underlying and selling it within a short period after delivery for the purpose of generating a profit from short-term fluctuations in price or dealer's margin;
(d) when the non-financial item that is the subject of the contract is readily convertible to cash.

A contract to which (b) or (c) applies is not entered into for the purpose of the receipt or delivery of the non-financial item in accordance with the entity's expected purchase, sale or usage requirements and, accordingly, is within the scope of this Standard. Other contracts to which this applies are evaluated to determine whether they were entered into and continue to be held for the purpose of the receipt or delivery of the non-financial item in accordance with the entity's expected purchase, sale or usage requirements and, accordingly, whether they are within the scope of this Standard.

A written option to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, in accordance with (a) or (d) in the preceding paragraph is within the scope of this Standard. Such a contract cannot be entered into for the purpose of the receipt or delivery of the non-financial item in accordance with the entity's expected purchase, sale or usage requirements.

Summary In addition to the objective, scope and related introduction, a summary of IAS 39 appears below:

- Definitions
- Impairment and uncollectibility of financial assets measured at amortised cost
- Hedging
    - Hedging instruments
        - Qualifying instruments
        - Designation of hedging instruments
    - Hedged items
        - Qualifying items
        - Designation of financial items as hedged items
        - Designation of non-financial items as hedged items
        - Designation of groups of items as hedged items
    - Hedge accounting
        - Fair value hedges
        - Cash flow hedges
        - Hedges of a net investment
- Effective date and transition
- Withdrawal of other pronouncements
- Appendix A: Application guidance
    - Scope
    - Definitions
        - Effective interest rate
        - Transaction costs
    - Impairment and uncollectibility of financial assets measured at amortised cost
        - Interest income after impairment recognition
    - Hedging
        - Hedging instruments

          Qualifying instruments
        - Hedged items

          Qualifying items

Designation of financial items as hedged items
Designation of non-financial items as hedged items
Designation of groups of items as hedged items
    - Hedge accounting
        Assessing hedge effectiveness
        Fair value hedge accounting for a portfolio hedge of interest rate risk
  - Transition
- Appendix B:
  - Amendments to other pronouncements

Last changed November 2009

Interpretations IFRIC 16 Hedge of a Net Investment in a Foreign Operation

IFRIC 12 Service Concession Arrangements

IFRIC 9 Reassessment of Embedded Derivatives

IAS 39 (2003) superseded SIC 33 Consolidation and Equity Method – Potential Voting Rights and Allocation of Ownership Interest

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs.

Please note that, currently, no XBRL tagging is related directly to this Standard.

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 40 Investment Property

Objective The objective of this Standard is to prescribe the accounting treatment for investment property and related disclosure requirements.

Scope This Standard shall be applied in the recognition, measurement and disclosure of investment property.

Among other things, this Standard applies to the measurement in a lessee's financial statements of investment property interests held under a lease accounted for as a finance lease and to the measurement in a lessor's financial statements of investment property provided to a lessee under an operating lease. This Standard does not deal with matters covered in IAS 17 *Leases*, including:

(a) classification of leases as finance leases or operating leases;
(b) recognition of lease income from investment property (see also IAS 18 *Revenue*);
(c) measurement in a lessee's financial statements of property interests held under a lease accounted for as an operating lease;
(d) measurement in a lessor's financial statements of its net investment in a finance lease;
(e) accounting for sale and leaseback transactions;
(f) disclosure about finance leases and operating leases.

This Standard does not apply to:

(a) biological assets related to agricultural activity (see IAS 41 *Agriculture*);
(b) mineral rights and mineral reserves such as oil, natural gas and similar non-regenerative resources.

Summary In addition to the objective, scope and related introduction, a summary of IAS 40 appears next:

- Definitions
- Recognition
- Measurement at recognition
- Measurement after recognition
  - Accounting policy
  - Fair value model
    - Inability to determine fair value reliably
  - Cost model
- Transfers
- Disposals
- Disclosure
  - Fair value model and cost model
    - Fair value model
    - Cost model
- Transitional provisions

    - Fair value model
    - Cost model
- Effective date
- Withdrawal of IAS 40 (2000)

Last changed January 2009

Interpretations None

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.40 shows an introductory fragment of XBRL tagging related to this Standard.


```xml
<link:loc xlink:href="../../ifrs-cor_2011-03-
   25.xsd#ifrs_GainsLossesOnFairValueAdjustmentInvestmentProperty" xlink:type="locator"
   xlink:label="loc_6"/>
<link:calculationArc xlink:type="arc" weight="1" order="70.0" xlink:to="loc_6" xlink:from="loc"
```


FIGURE 4.40 Fragment of XBRL tagging related to IAS 40.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

IAS 41 Agriculture

Objective The objective of this Standard is to prescribe the accounting treatment and disclosures related to agricultural activity.

Scope This Standard shall be applied to account for the following when they relate to agricultural activity:

(a) biological assets;
(b) agricultural produce at the point of harvest;
(c) government grants.

This Standard does not apply to:

(a) land related to agricultural activity (see IAS 16 *Property, Plant and Equipment* and IAS 40 *Investment Property*);
(b) intangible assets related to agricultural activity (see IAS 38 *Intangible Assets*).

This Standard is applied to agricultural produce, which is the harvested product of the entity's biological assets, only at the point of harvest. Thereafter, IAS 2 Inventories or another applicable Standard is applied. Accordingly, this Standard does not deal with the processing of agricultural produce after harvest; for example, the processing of grapes into wine by a vintner who has grown the grapes. While such processing may be a logical and natural extension of agricultural activity, and the events taking place may bear some similarity to biological transformation, such processing is not included within the definition of agricultural activity in this Standard.

Table 4.2 provides examples of biological assets, agricultural produce and products that are the result of processing after harvest.

Summary In addition to the objective, scope and related introduction, a summary of IAS 41 appears below:

- Definitions
  - Agriculture-related definitions
  - General definitions
- Recognition and measurement
  - Gains and losses
  - Inability to measure fair value reliably
- Government grants
- Disclosure
  - General
  - Additional disclosures for biological assets where fair value cannot be measured reliably
  - Government grants
- Effective date and transition

Last changed January 2009

Interpretations None

More information on the detailed text of the Standard is available at www.iasb.org/IFRSs/IFRS.htm.

TABLE 4.2 Accounting standards word count.

Biological assets	Agricultural produce	Products that are the result of processing after harvest
Sheep	Wool	Yarn, carpet
Trees in a plantation forest	Felled trees	Logs, lumber
Plants	Cotton	Thread, clothing
	Harvested cane	Sugar
Dairy cattle	Milk	Cheese
Pigs	Carcass	Sausages, cured hams
Bushes	Leaf	Tea, cured tobacco
Vines	Grapes	Wine
Fruit trees	Picked fruit	Processed fruit

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly. Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.41 shows an introductory fragment of XBRL tagging related to this standard.

```
<link:loc xlink:href="../../ifrs-cor_2011-03-
    25.xsd#ifrs_DecreaseDueToHarvestBiologicalAssets" xlink:type="locator"
    xlink:label="loc_11"/>
<link:calculationArc xlink:type="arc" weight="-1" order="100.0" xlink:to="loc_11" xlink:from="loc"
```

FIGURE 4.41 Fragment of XBRL tagging related to IAS 41.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

4.3 IFRS FOR SMALL AND MEDIUM-SIZED ENTERPRISES VERSUS PRIVATE COMPANIES

The IFRS for small and medium-sized enterprises is a self-contained Standard of fewer than 230 pages, designed to meet the needs and capabilities of SMEs, which are estimated to account for the large majority of all entities around the world.

Compared with full IFRS (and many national GAAPs), the IFRS for SMEs is less complex in a number of ways. It is the first set of international accounting requirements developed specifically for SMEs. These standards are based on IFRS. But this is a stand-alone product that is separate from the full set of IFRS. The IFRS for SMEs has simplifications that reflect the needs of users of SMEs' financial statements and cost-benefit considerations. Compared with full IFRS, the simplifications have been achieved in a number of ways; topics not relevant to SMEs are omitted.

Where full IFRS allow accounting policy choices, the IFRS for SMEs allows only the easier option. Many of the principles for recognising and measuring assets, liabilities, income and expenses in full IFRS are simplified. Significantly fewer disclosures are required. And the Standard has been written in clear, easily translatable language.

Translations and XBRL taxonomy are available for IFRS for SMEs. Actually, a reader trying to familiarise themselves with IFRS is encouraged to first look to IFRS for SMEs in order to gain an initial overview and guidance.

Summary More information on the detailed text of the Standard is available at www.ifrs.org/IFRS+for+SMEs/IFRS+for+SMEs.htm.

A summary of IFRS for SMEs appears below. Particularly, the IFRS for SMEs is accompanied by a preface, implementation guidance, a derivation table, illustrative financial statements and a presentation and disclosure checklist, and a basis for conclusions. In addition, the related publication has the following contents:

- Small and medium-sized entities
- Concepts and pervasive principles
- Financial statement presentation
- Statement of financial position
- Statement of comprehensive income and income statement
- Statement of changes in equity and statement of income and retained earnings
- Statement of cash flows
- Notes to the financial statements
- Consolidated and separate financial statements
- Accounting policies, estimates and errors
- Basic financial instruments
- Other financial instruments issues
- Inventories

- Investments in associates
- Investments in joint ventures
- Investment property
- Property, plant and equipment
- Intangible assets other than goodwill
- Business combinations and goodwill
- Leases
- Provisions and contingencies
  - Appendix – guidance on recognising and measuring provisions
- Liabilities and equity
  - Appendix – example of the issuer's accounting for convertible debt
- Revenue
  - Appendix – examples of revenue recognition under related principles
- Government grants
- Borrowing costs
- Share-based payment
- Impairment of assets
- Employee benefits
- Income tax
- Foreign currency translation
- Hyperinflation
- Events after the end of the reporting period
- Related party disclosures
- Specialised activities
- Transition to the IFRS for SMEs
- Glossary
- Derivation table
- Approval by the board of the IFRS for SMEs issued July 2009
- Basis for conclusions (as is available in a separate booklet)
- Illustrative financial statements and presentation and disclosure checklist (available in a separate booklet).

Last changed Issued 9 July 2009. Revisions to the IFRS are limited to once every three years.

Interpretations None

XBRL tags XBRL (eXtensible Business Reporting Language), is an international standard for communicating business data simply and quickly.

Consequently, this language for the electronic communication of business data partners perfectly with IFRSs. Figure 4.42 shows an introductory fragment of XBRL tagging related to this Standard.

```xml
<link:roleRef xlink:href="rol_ifrs_for_smes_2011-03-25.xsd#ifrs_for_smes_2011-03-25_role-
    210000" xlink:type="simple" roleURI="http://xbrl.ifrs.org/role/ifrs/ifrs_for_smes_2011-03-
    25_role-210000"/>
<link:calculationLink xlink:role="http://xbrl.ifrs.org/role/ifrs/ifrs_for_smes_2011-03-25_role-
210000" xlink:type="extended">
```

FIGURE 4.42 Fragment of XBRL tagging related to this Standard.

Source: www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm

For additional information, see Part III: XBRL – Using Technology to Implement Standards.

4.4 INTERPRETATIONS TO STANDARDS

Interpretations are part of the IASB's authoritative literature (see IAS 1 *Presentation of Financial Statements*). Therefore financial statements may not be described as complying with IFRS unless they comply with all the requirements of each applicable Standard and each applicable interpretation.

Changes: interpretations usually supersede when Standards are updated or rewritten. The IASB regularly publishes items not added to the agenda – see www.ifrs.org/Current+Projects/IFRIC+Projects/IFRIC+Projects.htm.

Even though no interpretation is issued on these questions, they provide helpful insight into complex technical areas by Standard. Also, in each introduction to the Standard, amendments and references to interpretations are listed. For examples, go to eifrs.iasb.org/eifrs/bnstandards/en/ias39.pdf.

Only four interpretations (IFRIC 2, 5; SIC 27, 29) are added as additional tags to the taxonomy. The following interpretations are in force as at November 2012:

- IFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities
- IFRIC 2 Members' Shares in Co-operative Entities and Similar Instruments
- IFRIC 4 Determining Whether an Arrangement Contains a Lease
- IFRIC 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

- IFRIC 6 Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyper-inflationary Economies
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 10 Interim Financial Reporting and Impairment
- IFRIC 11 IFRS 2: Group and Treasury Share Transactions
- IFRIC 12 Service Concession Arrangements
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 Distributions of Non-cash Assets to Owners
- IFRIC 18 Transfers of Assets from Customers
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- SIC 7 Introduction of the Euro
- SIC 10 Government Assistance – No Specific Relation to Operating Activities
- SIC 12 Consolidation – Special Purpose Entities
- SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers
- SIC 15 Operating Leases – Incentives
- SIC 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets
- SIC 25 Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders
- SIC 27 Evaluating the Substance of Transactions in the Legal Form of a Lease
- SIC 29 Disclosure – Service Concession Arrangements
- SIC 31 Revenue – Barter Transactions Involving Advertising Services
- SIC 32 Intangible Assets – Web Site Costs

Of course, a critical issue related to the development and delivery of IFRS is the worldwide adoption of IFRS and related standards. This is the topic of the next chapter.

CHAPTER FIVE

IFRS Practice Statement Management Commentary

Objective

The objective of the Practice Statement is to assist management in presenting useful management commentary that relates to financial statements that have been prepared in accordance with IFRS.

Scope

The Practice Statement applies only to management commentary and not to other information presented in either the financial statements of the broader financial reports. The Practice Statement should be applied by entities that present management commentary that relates to financial statements prepared in accordance with IFRS. The Practice Statement does not mandate which entities should be required to publish management commentary, how frequently an entity should do so or the level of assurance to which management commentary should be subjected.

Summary

In addition to the objective, scope and related introduction, a summary of the IFRS Practice Statement appears next:

- Identification of management commentary
- Users of management commentary
- Framework for the presentation of management commentary
  - Purpose
  - Principles
  - Presentation
- Elements of management commentary
  - Nature of the business
  - Objectives and strategies
  - Resources, risks and relationships
  - Results and prospects
  - Performance measures and indicators
- Application date
- Appendix:
  - Defined terms

Purpose of the Practice Statement

The IFRS Practice Statement Management Commentary provides a broad, non-binding framework for the presentation of management commentary that relates to financial statements that have been prepared in accordance with IFRS. The Practice Statement is not an IFRS. Consequently, entities applying IFRS are not required to comply with the Practice Statement unless specifically required by their jurisdiction. Furthermore, non-compliance will not prevent an entity's financial statements from complying with IFRS if they otherwise do so.

What is Management Commentary?

Management Commentary is a narrative report that provides a context within which to interpret the financial position, financial performance and cash flows of an entity. It also provides management with an opportunity to explain its objectives and its strategies for achieving those objectives. Users routinely use the type of information provided in management commentary to help them evaluate an entity's prospects and its general risks, as well as the success of management's strategies for achieving its stated objectives. For many entities, Management Commentary is already an important element of their communication with the capital markets, supplementing as well as complementing the financial statements.

How to apply the Practice Statement

The Practice Statement is prepared on the basis that management commentary lies within the boundaries of financial reporting because it meets the definition of other financial reporting in paragraph 7 of the Preface to International Financial Reporting Standards. Therefore Management Commentary is within the scope of the Conceptual Framework for Financial Reporting. Consequently, the Statement should be read in the context of the Conceptual Framework.

The Practice Statement sets out the principles, qualitative characteristics and elements of management commentary that are necessary to provide users of financial reports with useful information. However, the form and content of management commentary may vary by entity. Thus, the Statement also provides principles to enable entities to adapt the information they provide to the particular circumstances of their business, including the legal and economic circumstances of individual jurisdictions. This flexible approach will generate more meaningful disclosure by encouraging entities that choose to present management commentary to discuss those matters that are most relevant to their individual circumstances.

The Practice Statement refers to 'management' as the persons responsible for the decision making and oversight of the entity. They may include executive employees, key management personnel and members of a governing body.

Last changed December 2010

Interpretations Not applicable

More information on the detailed text of the practice statement is available at www.iasb.org/IFRSs/IFRS.htm.

CHAPTER SIX

Future plans

Planning and research

Future plans and research are fundamental to the necessary, contemporary nature of IFRS in order to keep them current and relevant to new business conditions.

The IASB has a huge work plan for standards and interpretations in relation to the following segments:

- Agenda consultation (three-yearly public consultation);
- Financial crisis-related projects;
- Memorandum of Understanding projects;
- Other projects.

For more information on the current IASB work plan, see www.ifrs.org/Current+Projects/IASB+Projects/IASB+Work+Plan.htm.

IASB Agenda

Directly related to plans and research is the IASB agenda for assorted projects. This involves a number of important items, such as:

- IASB meeting dates/agendas
- IASB past meetings
- IASB comment deadlines
- Project timetable
- Agenda consultation
- Active agenda projects
- Research projects
- Technical corrections
- Completed projects
- G4 + 1 projects
- XBRL
- Internet reporting
- Sustainability reporting
- Islamic accounting.

For details about the IASB agenda, see www.iasplus.com/en/projects.

CHAPTER SEVEN

New presentation formats

As with changes in IFRS, new forms of financial statement presentation can arise, as this section will show.

7.1 MODEL FINANCIAL STATEMENTS

All the large accounting firms provide model financial statements for an easy way to start implementing IFRS. In fact, when the first IFRS XBRL taxonomy was developed, it was based on a summative comparison of the various model financial statements available at the time. That way, best practice for presenting financial information using IFRS could be captured.

It is noteworthy that financial statements must be prepared in accordance with IFRS, as well as with the specific requirements of the reporting entity, such as whether an entity is a first-time user of IFRS (if so, see IFRS 1 *First-time Adoption of International Financial Reporting Standards*). Or consider the possible need for consolidation of several entities (as per of IAS 27 *Consolidated and Separate Financial Statements*). Similarly, accounting professionals who are charged with the preparation of final statements will take into account the suitability of IFRS to particular jurisdictions as can be affected by local laws and regulations.

As will become apparent, disclosure requirements will vary, as can the related statements of financial position, and so on. Of course, to aid related comparisons over time, there must be consistency in applying the same principles, such as to the preferred form of presentation.

For model financial statements, see the Deloitte publication *International Financial Reporting Standards – Model financial statements 2011* (www.iasplus.com/en/publications/model-financial-statements-and-checklists/2011/2011-model-financial-statements-with-early-adoption/view).

Particularly, this publication provides a sound guide to the main options available for the accounting practitioner and contains information captured under the following headings:

- Consolidated statement of comprehensive income
  - Alt 1 – Single statement presentation, with expenses analysed by function
  - Alt 2 – Presentation as two statements, with expenses analysed by nature
- Consolidated statement of financial position
- Consolidated statement of changes in equity
- Consolidated statement of cash flows
  - Alt 1 – Direct method of reporting cash flows from operating activities
  - Alt 2 – Indirect method of reporting cash flows from operating activities
- Notes to the consolidated financial statements
- Auditor's report

Furthermore, the publication reviews notes to the consolidated financial statements, with these being:

- General information
- Application of new and revised International Financial Reporting Standards
- Significant accounting policies
- Critical accounting judgements and key sources of estimation uncertainty
- Revenue
- Segment information
- Investment income
- Other gains and losses
- Finance costs
- Income taxes relating to continuing operations

- Discontinued operations
- Assets classified as held for sale
- Profit for the year from continuing operations
- Earnings per share
- Property, plant and equipment
- Investment property
- Goodwill
- Other intangible assets
- Subsidiaries
- Investments in associates
- Joint ventures
- Other financial assets
- Other assets
- Inventories
- Trade and other receivables
- Finance lease receivables
- Amounts due from (to) customers under construction contracts
- Issued capital
- Reserves
- Retained earnings and dividends on equity instruments
- Non-controlling interests
- Borrowings
- Convertible notes
- Other financial liabilities
- Provisions
- Other liabilities
- Trade and other payables
- Obligations under finance leases
- Retirement benefit plans
- Financial instruments
- Deferred revenue
- Share-based payments
- Related party transactions
- Business combinations
- Disposal of subsidiary
- Cash and cash equivalents
- Non-cash transactions
- Operating lease arrangements
- Commitments for expenditure

- Contingent liabilities and contingent assets
- Events after the reporting period
- Approval of financial statements

Clearly, much is involved when preparing financial reports for any entity, and especially so when complexity increases. Of particular note is that the Deloitte publication identifies which IFRS relate to each line item of the report examples. Accompanying explanatory notes are particularly instructive in giving an understanding of what IFRS are appropriate and why that might be so. An instance of this approach is presented in Figure 7.1, where relevant IFRS are evident on the left-hand side, and in line with key items of the illustrative financial report shown to the right.

Source	International GAAP Holdings Limited			
IAS 1.10(b), 81(b), 51(b),(c)	**Consolidated income statement for the year ended 31 December 2010**			**[Alt 2]**
IAS 1.113		Notes	Year ended 31/12/10	Year ended 31/12/09
IAS 1.51(d),(e)			CU'000	CU'000
	Continuing operations			
IAS 1.82(a)	Revenue	5	140,918	151,840
IAS 1.85	Investment income	7	3,608	2,351
IAS 1.85	Other gains and losses	8	647	1,005
IAS 1.99	Changes in inventories of finished goods and work in progress		(7,134)	2,118
IAS 1.99	Raw materials and consumables used		(70,391)	(85,413)
IAS 1.99	Depreciation and amortisation expenses	13	(11,193)	(13,878)
IAS 1.99	Employee benefits expense	13	(9,803)	(11,655)
IAS 1.82(b)	Finance costs	9	(4,418)	(6,023)
IAS 1.99	Consulting expense		(3,120)	(1,926)
	Other expenses		(10,578)	(7,877)
IAS 1.82(c)	Share of profits of associates	20	1,186	1,589
IAS 1.85	Gain recognised on disposal of interest in former associate	20	581	–
IAS 1.85	Other [describe]		–	–

FIGURE 7.1 Explanatory notes.

Source: www.iasplus.com/en/publications/model-financial-statements-and-checklists/2011/2011-model-financial-statements-with-early-adoption/view

7.2 NEW FINANCIAL STATEMENT PRESENTATION

For several years the IASB has tried to present Financial Statements in a different, more modern, format. The associated project was originally called 'Performance Reporting' and also 'Reporting Comprehensive Income'. The latest project title 'Financial Statement Presentation'. The idea of this initiative is to present financial information using the same captions (such as operating, financing, investing, etc.) in all three statements, being Statement of Financial Position, Statement of Comprehensive Income and Statement of Cash Flows.

In October 2008, the IASB published for public comment a Discussion Paper entitled 'Preliminary Views on Financial Statement Presentation'. On 1 July 2010, the IASB and the US FASB jointly posted to their websites a staff draft of a proposed standard on financial statement presentation. The draft reflects the cumulative, tentative decisions made by the boards, concluding with their joint meeting in April 2010. Several field tests with outreach and analysis were performed. Examples of the various attempts to accomplish this endeavour are shown in the two tables presented below.

One of the most significant changes will be the integration of the various reporting formats (financial position, income and cash flow statements). Table 7.1 visualises the proposed presentation formats in the IASB and FASB discussion paper.

TABLE 7.1 Proposed presentation formats in the IASB and FASB discussion paper.

Statement of Financial Position	Statement of Comprehensive Income	Statement of Cash Flows
Business	Business	Business
Operating assets and liabilities	Operating income and expenses	Operating cash flows
		Investing cash flows
Investing assets and liabilities	Investing income and expenses	
Financing	Financing	Financing
Financing assets	Financing asset income	Financing asset cash flows
Financing liabilities	Financing liability expenses	Financing liability cash flows
Income taxes	Income taxes	Income taxes
	on continuing operations (business and financing)	
Discontinued operations	Discontinued operations	Discontinued operations
	net of tax	
	Other comprehensive income	
	net of tax	
Equity		Equity

Source: Adapted from various sources

Note: see www.ifrs.org/Current+Projects/IASB+Projects/Financial+Statement+Presentation/Phase+B/Staff+draft+of+proposed+standard.htm.

In comparison with previous information just presented, Table 7.2 shows common totals and subtotals.

TABLE 7.2 Common totals and subtotals for the proposed standard

Statement of Financial Position	Statement of Cash Flows	Statement of Comprehensive Income
BUSINESS	**BUSINESS**	**BUSINESS**
Operating assets Operating liabilities	Cash flows from operating activities	Operating income and expenses
Subtotal (A1)	Subtotal (A1)	Subtotal (A1)
Investing assets Investing liabilities	Cash flows from investing activities	Investing income and expenses
Subtotal (A2)	Subtotal (A2)	Subtotal (A2)
TOTAL (A) = Subtotals (A1) + (A2)	TOTAL (A) = Subtotals (A1) + (A2)	TOTAL (A) = Subtotals (A1) + (A2)
DISCONTINUED OPERATIONS	**DISCONTINUED OPERATIONS**	**DISCONTINUED OPERATIONS**
TOTAL (B) Sum of Net assets of Discontinued operations	TOTAL (B) Sum of Cash flows from Discontinued operations	TOTAL (B) Sum of Income/expense from Discontinued operations
FINANCING	**FINANCING**	**FINANCING**
Financing assets	Cash flows from financing assets	Financing income
Subtotal (C1)	Subtotal (C1)	Subtotal (C1)
Financing liabilities	Cash flows from financing liabilities	Financing expenses
Subtotal (C2)	Subtotal (C2)	Subtotal (C2)
Statement of Financial Position	**Statement of Cash Flows**	**Statement of Comprehensive Income**
TOTAL (C) = Subtotals (C1) + (C2)	TOTAL (C) = Subtotals (C1) + (C2)	TOTAL (C) = Subtotals (C1) + (C2)
INCOME TAXES	**INCOME TAXES**	**INCOME TAXES**
Income tax assets Income tax liabilities		
TOTAL (D) Sum of Net income tax asset/liability	TOTAL (D) Sum of Cash flows from income taxes	TOTAL (D) Sum of Income tax expense/benefit
EQUITY	**EQUITY**	—
TOTAL (E) Sum of Equity	**TOTAL (E) Sum of Equity**	—

Source: Adapted from various sources

Note: see www.ifrs.org/Current+Projects/IASB+Projects/Financial+Statement+Presentation/Phase+B/Staff+draft+of+proposed+standard.htm.

CHAPTER EIGHT

Contents of IFRS book

CERTAINLY, THE PUBLICATION OF IFRS is beneficial to many people in the business community.

It is worth noting that the publication of IFRS provides information other than the Standards alone. Particularly, the current so-called *Red Book* contains the following sections:

- Preface to IFRS
- The Conceptual Framework for Financial Reporting
- Changes in this Edition
- Introduction to this edition
- IFRS 1 *First-time Adoption of International Financial Reporting Standards*
- IFRS 2 *Share-based Payment*
- IFRS 3 *Business Combinations*
- IFRS 4 Insurance Contracts
- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
- IFRS 6 *Exploration for and Evaluation of Mineral Resources*
- IFRS 7 *Financial Instruments: Disclosures*
- IFRS 8 *Operating Segments*

- IFRS 9 *Financial Instruments*
- IAS 1 *Presentation of Financial Statements*
- IAS 2 *Inventories*
- IAS 7 *Statement of Cash Flows*
- IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- IAS 10 *Events after the Reporting Period*
- IAS 11 *Construction Contracts*
- IAS 12 *Income Taxes*
- IAS 16 *Property, Plant and Equipment*
- IAS 17 *Leases*
- IAS 18 *Revenue*
- IAS 19 *Employee Benefits*
- IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*
- IAS 21 *The Effects of Changes in Foreign Exchange Rates*
- IAS 23 *Borrowing Costs*
- IAS 24 *Related Party Disclosures*
- IAS 26 Accounting and Reporting by Retirement Benefit Plans
- IAS 27 *Consolidated and Separate Financial Statements*
- IAS 28 *Investments in Associates*
- IAS 29 *Financial Reporting in Hyperinflationary Economies*
- IAS 31 Interests in Joint Ventures
- IAS 32 Financial Instruments: Presentation
- IAS 33 Earnings per Share
- IAS 34 Interim Financial Reporting
- IAS 36 Impairment of Assets
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement
- IAS 40 Investment Property
- IAS 41 Agriculture
- IFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities
- IFRIC 2 Members' Shares in Co-operative Entities and Similar Instruments
- IFRIC 4 Determining whether an Arrangement contains a Lease
- IFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
- IFRIC 10 Interim Financial Reporting and Impairment
- IFRIC 12 Service Concession Arrangements
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 Distributions of Non-cash Assets to Owners
- IFRIC 18 Transfers of Assets from Customers
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- SIC-7 Introduction of the Euro
- SIC-10 Government Assistance – No Specific Relation to Operating Activities
- SIC-12 Consolidation – Special Purpose Entities
- SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers
- SIC-15 Operating Leases – Incentives
- SIC-25 Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
- SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease
- SIC-29 Service Concession Arrangements: Disclosures
- SIC-31 Revenue – Barter Transactions Involving Advertising Services
- SIC-32 Intangible Assets – Web Site Costs
- Glossary
- Due Process Handbook for the IFRS Interpretations Committee
- IFRS Foundation Constitution
- Approval by the Board of Improvements to IFRSs issued in May 2008
- Due Process Handbook for the International Accounting Standards Board (IASB)
- Management Commentary

Note also that IFRS 2012 is the only official printed edition of the consolidated text of the IASB's authoritative pronouncements as issued at 1 January 2012.

This *Red Book* edition is presented in two parts:

- Part A (the Conceptual Framework and requirements) contains the latest version of International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), and IFRIC and SIC Interpretations.

- Part B contains the accompanying documents, such as illustrative examples, implementation guidance, bases for conclusions and dissenting opinions.

Part A is 1,440 pages (one book) containing the Standards/interpretations and Part B is 2,240 pages (one book) containing the accompanying documents, bases for conclusions, and so on. Total number of pages for Part A and B is 3,680 pages.

CHAPTER NINE

Glossary for IFRS

THE IFRS FOUNDATION publishes a variety of paper-based and electronic products in quite a number of languages. An overview is available at shop.ifrs.org/ProductCatalog/Default.aspx.

Some of the terms in the Standards, such as assets, and financial instruments appear several thousand times in the Standards and related literature. A 49-page glossary of terms, which is published in the various volumes of the Standards, is a helpful guide to quickly gain an understanding of definitions used in the Standards. A reference is provided to a specific IAS or IFRS where the term is used, for example IAS 8.5 (accounting policies) or IFRS 3.A (acquisition date). The glossary also includes extracts from the Conceptual Framework for Financial Reporting. References to the Conceptual Framework are preceded by CF. References to defined terms in the IFRS Practice Statement Management Commentary are preceded by PS.

The glossary is provided in Appendix B as a further guide in relation to standards, thereby highlighting the depth and breadth of the standards summarised here. Associated Standards are provided where relevant.

Several footnotes indicate variations in meaning. For instance:

1. In the case of an intangible asset, the term 'amortisation' is generally used instead of 'depreciation'. The two terms have the same meaning.
2. In the case of an intangible asset, the term 'amortisation' is generally used instead of 'depreciation'. The two terms have the same meaning.
3. Monetary items are denominated in 'currency units (CU)'.
4. A 'group' is defined in paragraph 4 of IAS 27 Consolidated and Separate Financial Statements as 'a parent and its subsidiaries' from the perspective of the reporting entity's ultimate parent.

10

CHAPTER TEN

Index to IFRS book

IN ADDITION TO THE TABLE OF CONTENTS AND GLOSSARY, it is worthwhile knowing that there is an extensive 55-page index that accompanies the publication of IFRS. This is another helpful tool to locate a particular reference to a Standard. The introduction to this index is presented below:

> The index to this volume is a comprehensive index. It references not only all International Financial Reporting Standards – IFRSs, IASs and Interpretations – but also all related documentation including Bases for Conclusions, implementation guidance and illustrative examples. In addition, it includes references to the IFRS Foundation Constitution, the IASB *Conceptual Framework for Financial Reporting*, the *Preface to IFRSs*, an IFRS Practice Statement and the Due Process Handbooks for the IASB and the IFRS Interpretations Committee.
>
> References to IFRSs, IASs, Interpretations and supporting documentation are by document number and paragraph number. The index uses prefix notations to identify the document to which paragraphs and subparagraphs belong.

Table 10.1 provides the prefix notations.

However, the reader should be aware of the different purposes in the use of the glossary versus the index. An example is given next.

TABLE 10.1 Prefix notations used in IFRS index.

Section	Prefix	Examples	Reference
International Financial Reporting Standards (IFRSs) 1–8	IF	**IF1**.1–47A	IFRS 1, paragraphs 1 to 47A
		IF3.3A(c)	IFRS 3, paragraph 3A subparagraph (c)
International Accounting Standards (IASs) 1–41	no prefix	**12**.26(a)	IAS 12, paragraph 26 subparagraph (a)
		37.10	IAS 37, paragraph 10
Basis for Conclusions on IFRSs	BC or BCZ	**IF2**.BC19–22	Basis for Conclusions on IFRS 2, paragraphs BC19 to BC22
		IF9.BCZ5.31(d)	Basis for Conclusions on IFRS 9, paragraph BCZ5.31 subparagraph (d)
Basis for Conclusions on IASs	B, BC or BCZ	**24**.BC8–14	Basis for Conclusions on IAS 24, paragraphs BC8 to BC14
		36.BCZ108–112	Basis for Conclusions on IAS 36, paragraphs BCZ 108 to BCZ112
Implementation guidance on IFRSs and IASs	IG	**39**.IG Q&A E.4.2	Implementation guidance on IAS 39 Q&A E.4.2,
		IF4.IG6–10	Implementation guidance on IFRS 4, paragraphs IG6 to IG10
Illustrative examples on IFRS and IASs	IE	**33**.IE1	IAS 33, Illustrative example 1
Application guidance	AG	**32**.AG25–26	Application guidance on IAS 32, paragraphs AG25 to AG26
		39.Appendix A AG84–93	IAS 39.Appendix A: Application guidance on IAS 39, paragraphs AG84 to AG93

Section	Prefix	Examples	Reference
Appendices to IFRSs and IASs	Appendix	**IF1** Appendices A-C **36**.Appendix A4	IFRS 1, Appendices A to C IAS 36, Appendix A, paragraph A4

Other prefixes are: IFRS Foundation Constitution – **CN**; Preface to International Financial Reporting Standards – **IFRS Preface**; Due Process Handbook for the IASB – IASB – **DPH**; IFRIC Interpretation = **IFRIC**; SIC Interpretation – **SIC**; Due Process Handbook for the IFRS Interpretations Committee – **IDPH**; IASB **Conceptual Framework** – **F**; IFRS Practise Statement – **PS**

Source: Adapted from eifrs.ifrs.org/eifrs

Note: Access to this web page requires subscription

Glossary: Acquisition date: The date on which the acquirer obtains control of the acquiree. Reference IFRS 3.

Index: The reference in the index does not appear under 'acquisition date' but under Business Combinations acquisition date, definition and determining, IF3.8–9, IF3.Appendix A, IF3.BC106–110.

This latter aspect of the example can be seen in the glimpse of the index provided below, which also shows an example of the detail of entries.

Biological assets–*contd*
- examples, **41**.4
- fair value, **41**.9-33
  - basis for conclusions **41**.B13-37
- fair value versus cost, **41**.B13-26
- gains and losses, **41**.26-29
  - basis for conclusions, **41**.B38-40
- government grants, **41**.34-38
  - basis for conclusions, **41**.B63-73
- impairment losses, **41**.30, **41**.54-56
- inability to measure fair value reliably **41**.30-33, **41**.54-56
- independent valuation, **41**.B33
- inventories, **2**.2-4, **2**.20

Business combinations–*contd*
- acquire, definition of, **IF3**.Appendix A
- acquirer, definition an identification of, **IF3** 6-7, **IF3**.Appendix A, **IF3**.Appendix B13-18, **IF3**.BC82-105
- acquisition date, definition and determining, **IF3**, 8-9 **IF3.**Appendix A, **IF3** BC106-110
- acquisition method of accounting, **IF3**.4-5, **IF3**.BC22-57
- application of, **IF3**.6-53, **IF3**.BC80-400
- acquisition-related costs, **IF3**. 51-53 **IF3**.BC265-370

Source: Adapted from eifrs.ifrs.org/eifrs

Note: Access to this web page requires subscription

As suggested, the coverage of topics in the index is extensive, and gives any reader, or researcher, the easy means by which to drill down into areas of particular interest.

PART TWO

IFRS Disclosures, Other Reporting Standards and Assurance

TIPS FOR READERS

It is remarkable how much duplication there is in data collection and, particularly, in describing objects and items from various viewpoints. For instance, the International Organization for Standardization (ISO), through the widespread use of its standards, generates a great deal of quantitative information. This is important for object definition, although that has not, as yet, seeped into business reporting to any great extent.

Also, consider that tax departments, especially in relation to VAT/sales tax, collect a tremendous amount of product information, and also define the boundaries of business entities. For instance, every taxable entity has a specific tax number. Again, in business reporting, boundary definitions for reporting entities is fuzzy in some areas, and that affects the generally expected assurance of integrity in business reports.

An important observation is that the push for good governance has led to increased focus on non-financial reporting. Two issues arise. One is the lack of consistency between related standards. The other is that non-financial reporting is not comparable, not only because of inconsistent standards, but also due to the differing focuses of reporting entities, whereby one might emphasise the low to no usage of child labour whereas another presents its low usage of electricity.

Summary

The first section discusses IFRS disclosures and provides a review of related checklists. The second section focuses on reporting standards other than IFRS detailed earlier, with particular attention paid to International Public Sector Accounting Standards (IPSAS) and the related overseeing body, the International Public Sector Accounting Standards Board (IPSASB). Standard-based organisations are also reviewed, including the System of National Accounts (SNA), the International Valuation Standards Council (IVSC), the Valuation Resource Group (VRG), the Institute of Electrical and Electronics Engineers (IEEE), the ISO and other standards that are private and voluntary in nature.

Target audience

The overall concept map shown in the foremost introduction indicates the necessary breadth and depth of elements contained in this book, as playing fundamental parts in supporting current and expected thoughts of a new reporting paradigm. Accordingly, we can see that the various sections of this book are likely to be of particular significance to some people more than to others.

Readers who are expected to have an affinity with, and interest in, Part II of this book, include:

- accounting practitioners
- developers of business reporting
- deliverers of business reporting
- standard setters
- auditors
- senior executives
- senior bureaucrats
- finance professionals
- academics
- students
- government officers.

1

CHAPTER ONE

IFRS disclosure

IN THE FIRST PART OF THE BOOK we focused on providing an overview of the administrative set-up of the IFRS Foundation (IFRSF), an organisation that is responsible for creating IFRS, the complete set of standards, and also touched on XBRL linkage to those standards.

Besides measurement, recognition and de-recognition, as related to the IFRS, it must be stated that disclosures are a very important part of IFRS. These disclosures can be presented in the body of financial statements, or can appear in the footnotes associated with such reports.

As might well be apparent, there is a vast amount of data in disclosures. Furthermore, it is worth noting that the type, and volume, of disclosures varies significantly between the standards. However, nearly all standards have a section on disclosure. Some standards, such as IAS 1 *Presentation of Financial Statements*, as the name of that standard suggests, provide guidance on presentation of financial reports. Similarly, and as stands to reason, IAS 24 *Related Party Disclosure* makes it mandatory to disclose specific information on related parties.

Nevertheless, it is particularly interesting, as well as very important, to understand that there is no pattern on how much disclosure is required. Essentially, everything in relation to the application of disclosures, and the extent of any connected information provided thereby, depends on the particular standard. Historically, as a related matter of interest, when the various standards were developed, the analysts on the IASB always pushed for more disclosure in order to feed their particular valuation models.

The outcome, therefore, in terms of the application of standards and the use that is made of associated disclosures, has led to considerable concern as to the usefulness of that added information, which is compounded by the need to address the specific requirements associated with particular industries and events. More so, a prevalent view is that too much information can overwhelm the users of assorted financial reports. As a direct result, these users are likely to have a lower level of appreciation, and understanding, of what is provided by the disclosures. This does seem counterintuitive. But, in an increasingly complex environment, users of business reports might not have the necessary finesse to appreciate, fully, the purpose or content of all disclosures. In addition, there is the risk that so-called 'information overload' prompts people to skip the additional detail that is available in disclosures and focus, thereby, only on what is presented in the main body of financial statements. In either case, potentially critical information is missed. Poor decision making can be the related outcome.

Due to the aforementioned information overload, as well as a flood of non-financial information of debatable value, there is every reason why poor decision making is a strong possibility. It is hardly surprising, therefore, that concerned members of the accounting profession, as well as allied academics and observers, have commented upon this area of apprehension; and it is increasingly apparent that this should not be overlooked by people who draft and set IFRS, nor by those who utilise standards and disclosure in the preparation of financial reports. In effect, disclosures can be considered as the means of addressing financial and non-financial aspects that are identified in IFRS, and also standards and requirements that evolve entirely in the non-financial domain.

It is appropriate, at this point, to review the following publications that focus upon disclosures.

Researching financial disclosure, as per Disclosure overload and complexity: hidden in plain sight See www.kpmg.com/us/en/issuesandinsights/articlespublications/pages/disclosure-overload-complexity.aspx and also www.financialexecutives.org/ferf/download/2011 Final/2011-029.pdf.

This publication is quite interesting and, although US-centric, the conclusion of that report still resonates well within the broader global business community. Particularly, the executive summary of that publication suggests that disclosure has increased significantly in terms of volume and complexity. This increase poses a dilemma, especially so for smaller investors who may make suboptimal investment decisions due to their inability to absorb the volume and complexity of disclosures and any related explanations. Further, footnotes are considered to be the most significant source or cause of complexity. According to the respondents of an associated survey, fair value, derivatives and hedging also complicate disclosures.

Cutting Clutter: Combating Clutter in Annual Reports This publication was produced by the Financial Reporting Council, in April 2011, and is available at www.frc.org.uk/images/uploaded/documents/Cutting clutter report April 20113.pdf.

In relation to the title of that publication, and as an appropriate aside, investors have long called for less clutter in audit reports. But, at the same time, they want auditors to provide more clarity in their statements. Quite often, the audit report was described as a statement of compliance with accounting standards, with this making it difficult for investors to assess the quality of individual auditor performance, or to differentiate between audit firms.

Therefore, in 2004, the International Auditing and Assurance Standards Board (IAASB) began a comprehensive programme to enhance the clarity of its International Standards on Auditing (ISA). This programme involved the application of new drafting conventions to all ISA, either as part of a substantive revision, or through a limited redrafting, to reflect the new conventions and matters of clarity generally. On 27 February 2009, the Clarity Project reached its completion when the Public Interest Oversight Board approved the due process for the last several clarified ISA. Auditors worldwide now have access to newly updated and clarified ISA and a clarified International Standard on Quality Control (ISQC). For related details, see www.ifac.org/auditing-assurance/clarity-center/clarified-standards.

Getting to the Heart of the Issue: Can Financial Reporting Be Made Simpler and More Useful? This publication was produced by Global Accounting Alliance, in 2008, and is available at www.globalaccountingalliance.com/GAA_heart_of_the_issue.pdf.

Complexity, Relevance and Clarity of Corporate Reporting Produced by the Chartered Institute of Management Accountants, in 2009, this publication is available at www.cimaglobal.com/Documents/ImportedDocuments/

cid_techrep_complexity_relevance_and_clarity_of_corporate_reporting_feb09.pdf .

1.1 SUMMARY OF DISCLOSURES

The summary in Table 1.1 provides an overview of the sections in each of the IFRS that relate specifically to disclosure.

TABLE 1.1 Summary of disclosures – by IFRS.

IFRS/IAS	Section(s) unless otherwise indicated
IFRS 1 First-time Adoption of International Financial Reporting Standards	20–33
IFRS 2 Share based Payment	pp 44–52
IFRS 3 Business Combinations	pp 59–83
IFRS 4 Insurance Contracts	36–39 and 40–45
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	30–42
IFRS 6 Exploration for and Evaluation of Mineral Resources	15–17, 23–25
IFRS 7 Financial Instruments: Disclosures	All
IFRS 8 Operating Segments	20–24, 31–34
IFRS 9 Financial Instruments	No additional disclosures, see IFRS 7
IFRS 10 Consolidated Financial Statements	No additional disclosures
IFRS 11 Joint Arrangements	No additional disclosures
IFRS 12 Disclosure of Interests in Other Entities	All
IFRS 13 Fair Value Measurement	91–99
IAS 1 Presentation of Financial Statements	All
IAS 2 Inventories	36–39
IAS 7 Statement of Cash Flows	48–52
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	39–40
IAS 10 Events after the Reporting Period	17–22
IAS 11 Construction Contracts	39–45
IAS 12 Income Taxes	71–78, 79–88

IFRS/IAS	Section(s) unless otherwise indicated
IAS 16 Property, Plant and Equipment	73–79
IAS 17 Leases	31–32, 47–48, 56–57
IAS 18 Revenue	35–36
IAS 19 Employee Benefits	25, 53–54, 135–152, 171, 131–134
IAS 20 Accounting for Government Grants and Disclosure of Government Assistance	39
IAS 21 The Effects of Changes in Foreign Exchange Rates	51–57
IAS 23 Borrowing Costs	26
IAS 24 Related Party Disclosures	13–24
IAS 26 Accounting and Reporting by Retirement Benefit Plans	34–36
IAS 27 Separate Financial Statements	15–17
IAS 28 Investments in Associates and Joint Ventures	No additional disclosure
IAS 29 Financial Reporting in Hyperinflationary Economies	39–40
IAS 32 Financial Instruments: Presentation	15–50
IAS 33 Earnings per Share	70–73A
IAS 34 Interim Financial Reporting	16A, 19
IAS 36 Impairment of Assets	126–137
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	84–92
IAS 38 Intangible Assets	118–128
IAS 39 Financial Instruments: Recognition and Measurement	No additional disclosure
IAS 40 Investment Property	74–79
IAS 41 Agriculture	40–57

1.2 DISCLOSURE CHECKLISTS

As is very evident from the preceding commentary, and especially from the summary table, the matter of disclosures is complex and, potentially, is a confounding one. Therefore it is no surprise that major accounting service firms have issued checklists to manage information to do with disclosures. Effectively, disclosure checklists are a tool for auditors and were developed, originally, to make sure that auditors did not miss anything when conducting audits. In addition, such checklists are valuable when used as evidence, such as in potential law suits, to show that auditors have done the work.

Of course, the primary focus of accounting services firms, and their various checklists, is on financial reporting, rather than non-financial reporting. This is due to reasons of financial requirements being the predominant focus of audit work, as required by assorted laws and regulations. In addition, consider that the financial side of client work is where the money is. Industry sources, for example, indicate that fees from corporate audit work for a major corporation could be as much $50m for all financial aspects whereas, in comparison, the fees for non-financial audit work could be in the vicinity of only $100,000.

In relation to the aforementioned magnitude of audit fees, it is interesting to note that, for Deutsche Bank in 2010, Principal Accountant Fees and Services totalled €71m, the details of which are as follows:

- Audit Fees, totalled €53m, which are fees for professional services for the audit of annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years;
- Audit-Related Fees, were €9m, which are fees for assurance and related services that are reasonably related to the performance of the audit or review of financial statements and are not reported as Audit Fees;
- Tax-Related Fees, were €7m, which are fees for professional services rendered for tax compliance, tax consulting and tax planning;
- All Other Fees, €2m, which are fees for products and services other than Audit Fees, Audit-Related Fees and Tax-Related Fees.

(See annualreport.deutsche-bank.com/2010/ar/supplementaryinformation/corporategovernancereport/auditing.html.)

Of course, it cannot be forgotten that Big 4 revenue, worldwide, is now in excess of $100 billion. A large part of that immense amount is derived from auditing. This is very procedural. Although the assurance process for financials is very systematic, this is much less likely for non-financial business reporting. Usually, this is because related standards lack adequate sophistication, are rather general and, often, only offer guidelines. The overall result is that data are split – financial and non-financial – and there is no method of presentation for non-financial information. Frequently, this leads to the dissemination of unqualified nonsense.

With the help of tools, such as XBRL, accounting firms have developed compliance questionnaires, as well as presentation and disclosure checklists to help their clients in the adoption and reporting under IFRS. Many of these guidelines are available in languages other than English. Model financial statements, usually, are available for industry sector statements, such as for banks, manufacturing and investment trust groups.

What follows is a cursory overview of IFRS disclosure checklists made available by four global accounting firms. Specifically:

- KPMG
- Ernst & Young
- Deloitte
- PricewaterhouseCoopers.

These checklists are indicative as to what is available to assist accounting professionals, especially the preparers of financial reports. This section does not, therefore, constitute the sum of what is available overall in this regard, nor for each of the four firms presented here. Even so, each of these firms, and their related publications, offer a rich source of information related to the background and use of disclosures.

KPMG

The *IFRS Disclosure checklist* from KPMG is available at www.kpmg.com/global/en/issuesandinsights/articlespublications/ifrs-disclosure-checklists/pages/ifrs-disclosure-checklist-2011.aspx.

Also, KPMG publishes disclosure checklists for interim financial statements, as well as disclosure checklists for specific industries, such as automotive, and investment funds.

In relation to the *IFRS Disclosure checklist*, the contents of this document are reproduced by permission of KPMG, as follows:

- General presentation
  - Presentation of financial statements
  - Changes in equity
  - Statement of cash flows
  - Basis of accounting
  - Consolidation
  - Business combinations
  - Foreign currency translation and hyperinflationary economies

  - Prior period adjustments and other accounting changes
  - Events after the reporting period
- Specific statement of financial position items
  - Property, plant and equipment
  - Intangible assets and goodwill
  - Investment property
  - Investments in associates and interests in joint ventures
  - Financial instruments
  - Inventories
  - Biological assets
  - Impairment
  - Equity
  - Provisions
  - Income taxes
  - Contingent assets and liabilities
- Specific statement of comprehensive income items
  - Revenue
  - Government grants
  - Employee benefits
  - Share-based payments
  - Borrowing costs
- Special topics
  - Leases
  - Service concession arrangements
  - Operating segments
  - Earnings per share
  - Non-current assets held for sale or distribution to owners
  - Related party disclosures
  - Insurance contracts
  - Exploration for and evaluation of mineral resources
- First-time adoption of IFRS
- Voluntary early adoption of IFRS
  - Amendments to IFRS 7 Financial Instruments: Disclosures
  - IFRS 9 Financial Instruments (2010)
  - IFRS 9 Financial Instruments (2009)
  - IFRS 10 Consolidated Financial Statements
  - IFRS11 Joint Arrangements
  - IFRS12 Disclosure of Interests in Other Entities
  - IAS 27 Separate Financial Statements

  - IAS 28 Investments in Associates and Joint Ventures
  - IFRS13 Fair Value Measurement
  - Amendments to IFRS 1 First-Time Adoption of International Financial Reporting Standards
  - Amendments to IAS 1 Presentation of Financial Statements
  - IAS 19 Employee Benefits (2011)
- Appendix

Ernst & Young

The Ernst & Young disclosure checklist is entitled *International GAAP Disclosure Checklist Based on International Financial Reporting Standards* in issue at March 31 2012. This publication can be found at www.ey.com/Publication/vwLUAssets/Disclosure_checklist/$FILE/Disclosure_checklist.pdf. Note that the International GAAP Disclosure Checklist Based on International Financial Reporting Standards was authored by EYGM Limited, 2012, and is reprinted with permission.

The contents of this document are as follows:

- General
- First-time adoption
- Financial review by management
- Statement of financial position

1.1 Presentation of financial statements

Fair presentation

IAS 1.15 Financial statements present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the *Conceptual Framework for Financial Reporting* (*Framework*). The application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation. ______

Financial statements not prepared on a going concern basis

IAS 1.25 When the financial statements are not prepared on a going concern basis, disclose:

(a) the fact that the financial statements are not prepared on a going concern basis; ______
(b) the basis on which the financial statements are prepared; and ______
(c) the reason why the entity is not considered to be a going concern. ______

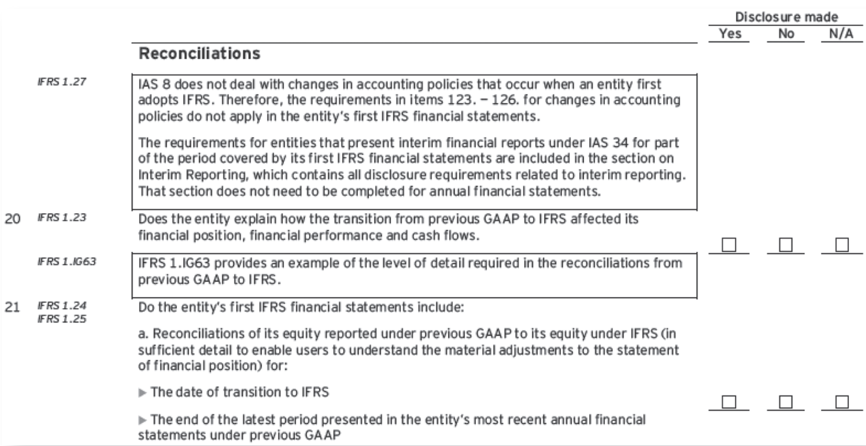
Accrual basis

IAS 1.27 Prepare financial statements, except for cash flow information, using the accrual basis of accounting. ______

FIGURE 1.1 Format of the KPMG checklist for reconciliations. Reproduced by permission of KPMG.

- Statement of comprehensive income
- Earnings per share
- Statement of cash flows
- Statement of changes in equity
- Notes to the financial statements
  - Accounting policies, key measurement assumptions and capital
  - Business combinations
  - Borrowing costs
  - Changes in accounting estimates
  - Consolidated financial statements
  - Correction of errors
  - Dividends
  - Employee benefits
  - Equity
  - Events after the reporting period
  - Financial guarantee contracts
  - Financial instruments
  - Foreign currency
  - Fourth quarter information
  - Goodwill
  - Government grants
  - Hyperinflation
  - Impairment of assets
  - Income taxes
  - Intangible assets
  - Interests in joint ventures
  - Inventories
  - Investment property
  - Investments in associates
  - Lease disclosures by lessees
  - Non-current assets held for sale and discontinued operations
  - Operating segments
  - Property, plant and equipment
  - Provisions, contingent liabilities and contingent assets
  - Related parties
  - Revenue
  - Share-based payments
- Agriculture
- Construction contracts

- Extractive industries
- Insurance contracts
- Lease disclosures by lessors
- Financial statements of retirement benefit plans
- Interim reporting
- New pronouncements
- Adoption of IFRS 9 *Financial Instruments* (issued in 2009)
- Adoption of IFRS 9 *Financial Instruments* (issued in 2010)
- Adoption of IFRS 10 *Consolidated Financial Statements*
- Adoption of IFRS 11 *Joint Arrangements*
- Adoption of IFRS 12 *Disclosure of interests in other entities*
- Adoption of IFRS 13 *Fair Value Measurement*
- Adoption of IAS 19 (Revised in 2011) *Employee Benefits*
- Appendix – Commentary



			Disclosure made		
		Reconciliations	Yes	No	N/A
	IFRS 1.27	IAS 8 does not deal with changes in accounting policies that occur when an entity first adopts IFRS. Therefore, the requirements in items 123. – 126. for changes in accounting policies do not apply in the entity's first IFRS financial statements. The requirements for entities that present interim financial reports under IAS 34 for part of the period covered by its first IFRS financial statements are included in the section on Interim Reporting, which contains all disclosure requirements related to interim reporting. That section does not need to be completed for annual financial statements.			
20	*IFRS 1.23*	Does the entity explain how the transition from previous GAAP to IFRS affected its financial position, financial performance and cash flows.	☐	☐	☐
	IFRS 1.IG63	IFRS 1.IG63 provides an example of the level of detail required in the reconciliations from previous GAAP to IFRS.			
21	*IFRS 1.24* *IFRS 1.25*	Do the entity's first IFRS financial statements include: a. Reconciliations of its equity reported under previous GAAP to its equity under IFRS (in sufficient detail to enable users to understand the material adjustments to the statement of financial position) for: ▶ The date of transition to IFRS ▶ The end of the latest period presented in the entity's most recent annual financial statements under previous GAAP	☐	☐	☐

FIGURE 1.2 Format of the checklist.

Deloitte

The *IFRS Compliance, Presentation and Disclosure Checklist* is reproduced by permission of Deloitte. It is is presented as an interactive Excel file and is available at www.iasplus.com/fs/fs.htm#2011checklist. This can be accessed via www.iasplus.com/fs/fs.htm and, then, click on *IFRS Compliance, Presentation and Disclosure Checklist for 2011*. This leads to the screen shown in Figure 1.3).

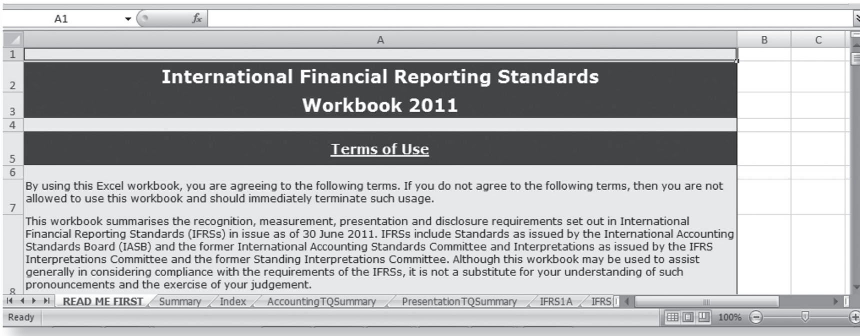


FIGURE 1.3 *Deloitte International Financial Reporting Standards Workbook.*

The contents of this file are multifaceted, as seen in Figure 1.4.

Particularly, in this instance, the IFRS are listed on the left-hand side of the worksheet, and hotlinks are evident in the two columns on the far right (as is shown in the following two figures). Also, note the tabs along the bottom of the screen.

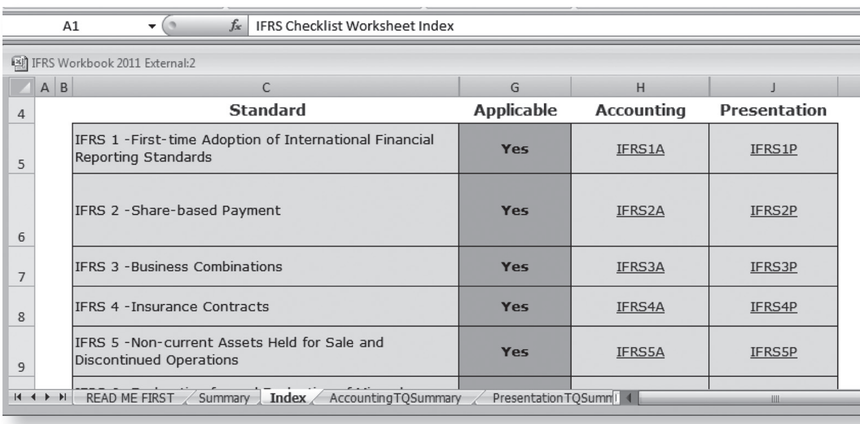


FIGURE 1.4 Deloitte IFRS Checklist Worksheet index.

Figures 1.5 and 1.6 provide an indication of the format of this Excel-based checklist.

Summary of IFRS Presentation/Disclosure Tailoring Questions

IFRS 1	First-time Adoption of International Financial Reporting Standards		
	Is the entity a first-time adopter in terms of IFRS 1 in the current period?	Yes	IFRS1A
IFRS 2	Share-based Payment		
	Did the entity have any share-based payment arrangements in the scope of IFRS 2?	Yes	IFRS2A
IFRS 3	Business Combinations		
	Has the entity entered into a business combination during the current or prior reporting period?		IFRS3A

FIGURE 1.5 Questions – Deloitte checklist.

In turn, as shown in Figure 1.7, this feeds into an overall summary of the answers provided in response to the checklist.

PricewaterhouseCoopers

The *IFRS disclosure checklist* from PricewaterhouseCoopers (PWC) is available from pwcinform.pwc.com/inform2/show?action=informContent&id=1147112611163808. Hardcopies can be ordered via www.ifrspublicationsonline.com

	Index			PresentTQSummary
	IAS 2	Inventories		
TQ	Reference	Presentation/disclosure requirement		
		This section of the checklist addresses the presentation and disclosure requirements of IAS 2, which prescribes the accounting treatment for inventories. The primary issues are: the costs that may be capitalised as an asset, the subsequent recognition as an expense, including the write-down to net realisable value, and determining the cost formulas to be used in assigning costs to inventories.		
		For additional guidance, select Show in the next column		
TQ	Reference	Presentation/disclosure requirement	Yes / No / N/A	Comments
2A		Did the entity have inventories?	Yes	
		The financial statements shall disclose:		
	IAS 2:36(a)	a) the accounting policies adopted in measuring inventories, including the cost formula used;		
	IAS 2:36(b)	b) the total carrying amount of inventories;		
	IAS 2:36(b)	c) the carrying amount of inventories in classifications appropriate to the entity;		
	IAS 2:36(c)	d) the carrying amount of inventories carried at fair value less costs to sell;		

FIGURE 1.6 Inventories – Deloitte checklist.

Summary of IFRS Accounting Tailoring Questions

IFRS 1 First-time Adoption of International Financial Reporting Standards

Is the entity a first time adopter of IFRSs in terms of IFRS 1?		IFRS1A
Did the entity enter into any business combinations before the date of transition to IFRSs?		IFRS1B
Has the entity granted any equity instruments prior to the date of transition that fall within the scope of IFRS 2?		IFRS1C
Has the entity entered into any insurance contracts?		IFRS1D

FIGURE 1.7 First-time Adoption of IFRS – Deloitte checklist.

The contents of this document are reproduced with permission from PricewaterhouseCoopers LLP, as follows:

- Disclosures for consideration by all entities
  - General disclosures
    - General disclosures
    - Presentation and functional currency
    - Other disclosures
  - Accounting policies
    - General disclosures
    - Specific policies
    - Changes in accounting policy
  - Income statement and related notes
    - General disclosures
    - Individual items
    - Income tax
    - Extraordinary items
  - Statement of changes in shareholders' equity and related notes
    - Statement of changes in equity
    - General disclosures
  - Balance sheet and related notes
- General disclosures
    - Measurement uncertainty
    - Property, plant and equipment
    - Investment property
    - Intangible assets (excluding goodwill)

  - Impairment of assets
  - Associates
  - Joint ventures
  - Subsidiaries
  - Investments – financial assets
  - Inventory
  - Trade and other receivables
  - Income taxes
  - Trade and other payables
  - Provisions
  - Post-employment benefits – defined benefit plans
  - Lease liabilities
  - Borrowings and other liabilities
  - Government grants
  - Related-party transactions
  - Commitments
  - Contingencies
  - Events after the reporting period
- Statement of cash flows
  - General presentation
  - Individual items
  - Changes in ownership interests in subsidiaries and other businesses
- Business combinations
  - General disclosures
  - Adjustments
  - Measurement period
  - Contingent consideration
  - Contingent liabilities
  - Goodwill
  - Evaluation of the financial effects of gains and losses recognised in the current reporting period
  - Other disclosures impacted by IFRS 3 – income taxes
- Financial instruments
  - General disclosures
  - Categories of financial assets and financial liabilities
  - Financial assets or financial liabilities at fair value through profit or loss
  - Reclassification
  - Derecognition

        - Collateral
        - Allowance account for credit losses
        - Compound financial instruments with multiple embedded derivatives
        - Defaults and breaches
        - Items of income, expense, gains or losses
        - Other disclosures
        - Nature and extent of risks arising from financial instruments
        - Qualitative disclosures
        - Quantitative disclosures
        - Capital disclosures
        - Financial guarantees
    - Distribution of non-cash assets to owners – IFRIC 17
    - Non-current assets held for sale and discontinued operations
- Disclosures required of all entities but only in certain situations
    - Correction of prior-period errors
    - Reporting in the currency of a hyperinflationary economy
    - Uncertainties about going concern
    - Departure from IFRS
    - Change of year-end
    - Intermediate parent company – consolidated financial statements not presented
    - Share-based payments
    - First-time adoption of IFRS
- Industry-specific disclosures
    - Construction contracts
    - Agriculture
    - Public service concession arrangements
    - Accounting by a lessor
    - Decommissioning, restoration and environmental rehabilitation funds
- Additional disclosures required of listed companies
    - Operating segments
    - Earnings per share
- Additional disclosures required of entities that issue insurance contracts
- Disclosures required for retirement benefit plans
- Suggested disclosures for financial review outside the financial statements
- Disclosures required of entities that early-adopt IFRS effective for annual periods beginning after 1 January 2011

- Amendment to IFRS 7, 'Disclosures – transfer of financial assets'
- IFRS 9, 'Financial instruments' 2010
- IFRS 9, 'Financial instruments' 2009
- IFRS 10, 'Consolidated financial statements'
- IFRS 11, 'Joint arrangements'
- IFRS 12 'Disclosure of interest in other entities'
- IAS 27, 'Separate financial statements'
- IAS 28, 'Investment in associates and joint ventures'
- IFRS 13, 'Fair value measurement'
- IFRS 1, 'First-time adoption of International Financial Reporting Standards'
- IAS 1, 'Presentation of items of other comprehensive income' – amendment to IAS 1
- IAS 19, 'Employee benefits'

Figure 1.8 provides an indication as to the format of this checklist.

			Y-NA-NM	REF
A1		**General disclosures**		
	1.	General disclosures		
1p15	1.	Financial statements present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the '*Framework for preparation and presentation of financial statements*' (*Framework*). The application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.		
1p27		An entity prepares its financial statements, except for cash flow information, using the accrual basis of accounting.		
1p10 (a), (b), (c), (d), (e), (f)	2.	Include the following components in the financial statements: (a) a statement of financial position (balance sheet) at the		

FIGURE 1.8 General disclosures – PWC.

PricewaterhouseCoopers also has an *Automated Disclosure Checklist*, at submit.pwc.com/extweb/abas/comperio/comperioorders.nsf (see Figure 1.9).

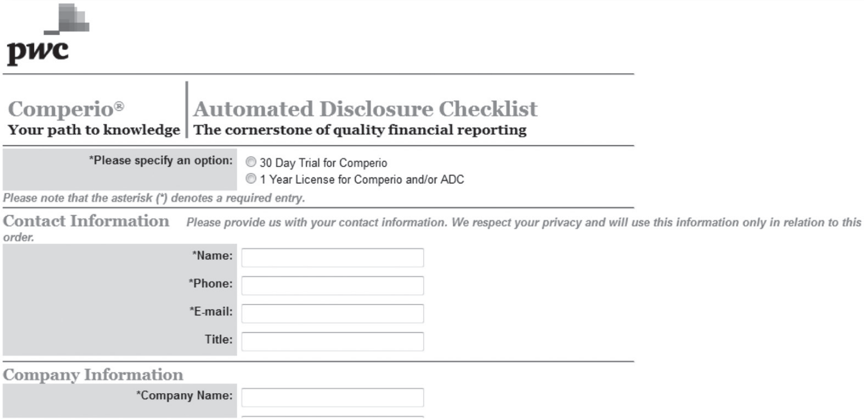


FIGURE 1.9 *PwC automated disclosure checklist.*

1.3 IFRS DISCLOSURE EXAMPLES

Information in business reports has grown dramatically in the last 20 years. Whereas the basic financial information of any entity has stayed the same, additional disclosures have added to the complexity of analysing financial information. It is, for that reason, no surprise that besides the disclosure checklists shown in the previous section, other literature, tools and examples were developed in the marketplace to foster a better understanding of disclosures. For instance, the American Institute of Certified Public Accountants (AICPA), for more than 60 years, has published a book entitled *Accounting Trends & Techniques* that presents selected excerpts from audited financial statements of US companies.

This important reference source is now available in the specialised form of *IFRS Accounting Trends & Techniques*, published in 2011. See Publications tab on www.aicpa.org or go to www.cpa2biz.com/AST/AICPA_CPA2BiZ_Nav/Top/Browse/Primary/Publications.jsp.

This publication presents actual examples of IFRS-based company reports from the audited annual reports of 170 international public companies across 43 industries and 38 countries to illustrate current reporting techniques and various presentation and disclosure practices. This is a significant publication that presents, among many other things, carefully selected reporting examples that show presentation and disclosure techniques. Such examples are provided by type (e.g. inventories, fixed asset, pensions, etc.) and by industry. It also includes comparisons of reporting requirements under IFRS and US GAAP, statistical tables tracking reporting trends and illustrative excerpts from annual reports. This invaluable reference book provides a close look at the reporting practices of numerous international companies that had prepared financial statements in conformity with IFRS as issued by the IASB.

The contents of this important publication, reproduced by permission of the American Institute of CPAs, are as follows:

- General Topics and Related Disclosures
    - Statistical Profile information on Survey Entities Used in This Edition
    - The Conceptual Framework for Financial Reporting
    - IAS 1, *Presentation of Financial Statements*
    - IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*
        - IFRS Overview and Comparison to US GAAP
        - Recognition and Measurement
        - Presentation
        - Disclosure
    - Presentation and Disclosure Excerpts
        - Comprehensive IAS 1 and IAS 8 Disclosures
        - General Information, Regulatory Environment
        - Basis of Presentation, Statement of Compliance, Going Concern Assessment
        - Offsetting – Deferred Tax assets and Liabilities
        - Offsetting – Pension Obligations
        - Change in Presentation
        - Reclassifications and Restatements
        - Capital Disclosures
        - Capital Disclosures – Regulatory Capital
        - Dividends Declared and Not Recognised as a Liability
        - Change in Accounting Estimate
        - Correction of an Error
    - IAS 27, Consolidated and Separate Financial Statements
    - SIC 12, Consolidation – Special Purpose Entities
        - IFRS Overview and Comparison to US GAAP
            - Recognition and Measurement
            - Disclosure
        - Presentation and Disclosure Excerpts
            - Change in Accounting Policy – Revaluation of Previously Held Interests
            - Restriction on Dividend Payments to Shareholders by Subsidiaries
            - Additional Parent Company Information Disclosed in a Note to the Consolidated Financial Statements

- Parent's Separate Financial Statements Presented Side-by-Side With Related Parent Company's Consolidated Financial Statements

- IAS 10, Events after the Reporting Period
  - IFRS Overview and Comparison to US GAAP
    - Recognition and Measurement
    - Presentation
    - Disclosure
  - Presentation and Disclosure Excerpts
    - Cash Dividend Declaration and Distribution
    - Binding Offer to Acquire Another Company and Extension of Credit Lines
    - Initial Public Offering and Private Placement
    - Tender Offer
    - Financial Statements Subject to Approval of Shareholders
    - Issue of Court Opinion in Litigation and Agreement to Acquire Credit Card Assets
    - Business Combinations
    - Property Sales and Capital Contribution by Swiss Federal Tax Authorities
    - Withdrawal of Tax Reduction by Hungarian Government
    - Early Repayment of Bonds and Declaration of Taxable Bonus Share Issue to Shareholders
    - Divestiture of Controlling Interest in Subsidiary, Announcement of Share Buy Back Programme, Received Binding Offer to Buy Talc Business
    - Announcement of Quarterly Dividend and Bond Issue
    - Increase in Shareholding in Associate, Sale and Leaseback and Sale of Building
- IAS 21, The Effects of Changes in Foreign Exchange Rates
  - IFRS Overview and Comparison to US GAAP
    - Recognition and Measurement
    - Disclosure
  - Presentation and Disclosure Excerpts
    - Accounting Policy Disclosure
    - Change in Functional Currency
    - IAS 21 Disclosures With Convenience Translation
- IAS 20, Accounting for Government Grants and Disclosure of Government Assistance
  - IFRS Overview and Comparison to US GAAP

        - Recognition and Measurement
        - Presentation
        - Disclosure
    - Presentation and Disclosure Excerpts
        - Initial Recognition at Nominal Amount
        - Initial Recognition as Reduction of Carrying Value of Depreciable Assets
        - Initial Recognition at Fair Value, Change in Accounting Policy for Government Grants
        - Government Grant Contingencies
- IAS 24, Related Party Disclosures
    - IFRS Overview and Comparison to US GAAP
        - Recognition and Measurement
        - Presentation
        - Disclosure
    - Presentation and Disclosure Excerpts
        - Disaggregation by Category of Related Party
        - Management Compensation
- IFRIC 13, Customer Loyalty Programmes
    - IFRS Overview and Comparison to US GAAP
        - Recognition and Measurement
        - Presentation
        - Disclosure
    - Presentation and Disclosure Excerpts
        - Frequent Flyer Programme
- Statement of Financial Position and Related Disclosures
    - IAS 1, Presentation of Financial Statements
    - IAS 27 Consolidated and Separate Financial Statements
    - The Conceptual Framework for Financial Reporting
        - IFRS Overview and Comparison to US GAAP
            - Presentation
            - Disclosure
        - Presentation and Disclosure Excerpts
            Classified Presentation – Decreasing Liquidity
            Classified Presentation – Increasing Liquidity
            Liquidity Order Presentation – Decreasing Liquidity
            Liquidity Presentation – Increasing Liquidity
            One Class of Share Capital
            Multiple Classes of Common Share Capital
            - Capital Structure – Equalisation Agreement

- Convertible Redeemable Preference Shares, Suppliers' Investment Shares, Members' Shares, New Ordinary Shares
- Multiple Classes of Preference Shares ,Treasury Shares, Minority Interest
- Ordinary and Deferred Shares
- Current Assets – Prepaid Expenses
- Current Assets – Advances and Progress Payments
- Current and Non-Current Assets – Prepaid Expenses and Prepaid Lease Payments
- Current Liabilities – Premiums and Discounts to Suppliers, Sales Commissions, Deferred Revenue and Advances From Customers
- Current and Non-Current Liabilities – Deferred Income
- Liabilities in Liquidity Order – Insurance Liabilities, Unallocated Divisible Surplus

- IAS 2, Inventories
  - IFRS Overview and Comparison to US GAAP
    - Recognition and Measurement
    - Presentation
    - Disclosure
  - Presentation and Disclosure Excerpts
    - First-In, First-Out
    - Weighted Average Cost and Specific Identification
    - Fair Value Less Cost to Sell – Broker Trader Exemption from IAS 2
    - Specific Identification – Properties Under Development for Resale
- IAS 16, Property, Plant and Equipment
  - IFRS Overview and Comparison to US GAAP
    - Recognition and Measurement
    - Presentation
    - Disclosure
  - Presentation and Disclosure Excerpts
    - Cost Model – Buildings and Structures Production and Other Equipment
    - Revaluation Model – All Property, Plant and Equipment
    - Revaluation Model – Real Estate Properties and Ducts Infrastructure
- IAS 38, Intangible Assets
- IFRS 3, Business Combinations
  - IFRS Overview and Comparison to US GAAP

    Recognition and Measurement

        - Presentation
        - Disclosure
    - Presentation and Disclosure Excerpts
        - Goodwill
        - Brand Names and Customer Lists
        - Software Development Costs (Internal and External) and Software
        - Acquired R&D, Trademarks, Technology, and Brand Name
        - Core Deposit Intangibles, Other Acquired Intangibles, and Computer Software
        - Development Costs
        - Domains, Brands, Water Rights, Easement Rights, IT Programs
- IAS 40, Investment Property
    - IFRS Overview and Comparison to US GAAP
        - Recognition and Measurement
        - Presentation
        - Disclosure
    - Presentation and Disclosure Excerpts
        - Investment Property Carried at Cost
        - Investment Property Carried at Fair Value
- IAS 28, Investments in Associates
    - IFRS Overview and Comparison to US GAAP
        - Recognition and Measurement
        - Presentation
        - Disclosure
    - Presentation and Disclosure Excerpts
        - Significant Influence – Less Than 50% Voting Power
        - Significant Influence – Between 20% and 50% Voting Power, Contingent Liabilities
- IAS 31, Interests in Joint Ventures
    - IFRS Overview and Comparison to US GAAP
        - Recognition and Measurement
        - Presentation
        - Disclosure
    - Presentation and Disclosure Excerpts
        - Jointly Controlled Entities – Proportionate Consolidation
        - Jointly Controlled Entities – Equity Method, Jointly Controlled Operations
        - Jointly Controlled Assets
- IAS 41, Agriculture
    - IFRS Overview and Comparison to US GAAP

    - Recognition and Measurement
    - Presentation
    - Disclosure
  - Presentation and Disclosure Excerpts
    - Current and Non-current Assets – Growing Crops, Sugarcane, Coffee, Growing Herd, and Cattle Held for Sale
    - Current Assets – Biological Assets, No Reliable Fair Value, Pledged a Guarantee
    - Non-Current Assets – Crops and Nurseries
    - Non-Current Assets – Timber
- IAS 17, *Leases*
  - IFRS Overview and Comparison to US GAAP
    - Recognition and Measurement
    - Presentation
    - Disclosure
  - Presentation and Disclosure Excerpts
    - Lessee – Operating and Finance Leases
    - Lessee and Lessor – Operating and Finance Leases, Lease Commitments
- IAS 37, Provisions, Contingent Liabilities and Contingent Assets
  - IFRSs Overview and Comparison to US GAAP
    - Recognition and Measurement
    - Presentation
    - Disclosure
  - Presentation and Disclosure Excerpts
    - Warranty, Restructuring, Product Infringement, Project Loss and Tax Provisions
    - Onerous Contracts, Store Closings, and Insurance Provisions
    - Environmental Rehabilitation and Decommissioning Provisions
    - Environmental and Litigation Provisions
    - Disclosure – Contingent Liability and Contingent Asset
    - Reimbursement Asset for Environmental Costs
- IAS 19, Employee Benefits
- IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
  - IFRS Overview and Comparison to US GAAP
    - Recognition and Measurement
    - Presentation
    - Disclosure

    - Presentation and Disclosure Excerpts
      - Current Liabilities: Employee Entitlements
      - Defined Contribution Benefit Plans, Funded and Unfunded Defined Benefit Plans, Immediate Recognition of Actuarial Gains and Losses in Other Comprehensive Income, Recognition of Assets
      - Defined Contribution Plans, Defined Benefit Plans, Recognition of Actuarial Gains and Losses Using the Corridor Approach, Curtailment and Settlement of a Defined Benefit Plan
      - Senior Management Remuneration and Employment Termination Benefits
  - IFRS 2, Share-Based Payment
    - IFRS Overview and Comparison to US GAAP
      - Recognition and Measurement
      - Presentation
      - Disclosure
    - Presentation and Disclosure Excerpts
      - Cash-Settled Share Appreciation Rights
      - Cash-Settled Phantom Shares
  - IAS 12, Income Taxes
  - SIC 21, Income Taxes – Recovery of Revalued Non-Depreciable Assets
    - IFRS Overview and Comparison to US GAAP
      - Recognition and Measurement
      - Presentation
      - Disclosure
    - Presentation and Disclosure Excerpts
      - Current and Non-current Tax Payables, Deferred Tax Liabilities and Tax Loss Carryforwards
      - Current Tax Receivables and Payables, Deferred Tax Assets and Liabilities
- Statement of Comprehensive Income and Related Disclosures
  - IAS 21, Presentation of Financial Statements
  - IAS 27, Consolidated and Separate Financial Statements
  - The Conceptual Framework for Financial Reporting
    - IFRS Overview and Comparison to US GAAP
      - Presentation
      - Disclosure
    - Presentation and Disclosure Excerpts
      - Single Statement – Statement of Comprehensive Income, Expenses by Nature

    - Two Statements – Income Statement and Statement of Other Comprehensive Income, Expenses by Function, Disaggregation of Expenses by Nature in Note Disclosure
    - Analysis of Expenses by Function, Disaggregation of Cost of Sales in Note Disclosure
- IAS 18, *Revenue*
- SIC 31, *Revenue – Barter Transactions Involving Advertising Services*
  - IFRS Overview and Comparison to US GAAP
    - Recognition and Measurement
    - Presentation
    - Disclosure
  - Presentation and Disclosure Excerpts
    - Revenue – Sales of Goods and Contracts to Provide Services
    - Revenue – Sales of Services and Barter Transactions
    - Revenue – Bill and Hold Transactions
    - Revenue – Software, Support, Subscription, Consulting Revenues and Multiple Element Arrangements
    - Revenue – Sale of Gold, Copper and Silver; Gold and Silver Bullion; and Interest Revenue
    - Revenue – Rental Revenue, Land and Home Sales
    - Royalty Income and Dividend Income
    - Interest Income, Fees and Commissions, Insurance Net Premium Income
    - Income – Emissions Rights
- IAS 11, Construction Contracts
- IFRIC 15, Agreements for the Construction of Real Estate
  - IFRS Overview and Comparison to US GAAP
    - Recognition and Measurement
    - Presentation
    - Disclosure
  - Presentation and Disclosure Excerpts
    - Construction Contracts
- IAS 2, Inventories
  - IFRS Overview and Comparison to US GAAP
    - Recognition and Measurement
    - Presentation
    - Disclosure
  - Presentation and Disclosure Excerpts

        - Analysis of Expenses by Function (Cost of Sales) – First-In, First-Out Cost Flow Assumption, Write-Downs and Reversal of Write-Downs of Inventory
        - Analysis of Expenses by Function (Cost of Sales) – Weighted Average Cost, Inventories Stated at Net Realisable Value
        - Analysis of Expenses by Function (Cost of Sales) – Multiple Cost Flow Assumptions, Provision for Inventory Obsolescence
        - Analysis of Expenses by Nature – Multiple Cost Flow Assumptions, Write-Down and Reversal of Write-Downs of Inventory
- Depreciation and amortisation
    - IFRS Overview and Comparison to US GAAP
        - Recognition and Measurement
        - Presentation
        - Disclosure
    - Presentation and Disclosure Excerpts
        - Property, Plant and Equipment – Cost Model, Straight Line Method
        - Property, Plant and Equipment – Cost Model, Declining Balance Method at Varying Rates
        - Property, Plant and Equipment – Cost Model, Straight Line Method, Capitalisation of Major Overhaul Expenditures
        - Property, Plant and Equipment – Revaluation Model Applied to Multiple Asset Classes
        - Intangible Assets
        - Depreciation and Depletion
- IAS 19, Employee Benefits
    - IFRS Overview and Comparison to US GAAP
        - Recognition and Measurement
        - Presentation
        - Disclosure
    - Presentation and Disclosure Excerpts
        - Short-Term Benefits
        - Postemployment Benefits – Actuarial Gains and Losses Recognised Immediately in Equity, Effect of the Asset Ceiling, Special Contributions
        - Postemployment Benefits – Change in Accounting Policy for Actuarial Gains and Losses, Termination Benefits
    - Postemployment Benefits – Corridor Method, Retirement Healthcare and Life Insurance Benefits

- IFRS 2, Share-Based Payment
  - IFRS Overview and Comparison to US GAAP
    - Recognition and Measurement
    - Presentation
    - Disclosure
  - Presentation and Disclosure Excerpts
    - Stock Option Plan – Cash Settled and Equity Settled
- IAS 23, Borrowing Costs
  - IFRS Overview and Comparison to US GAAP
    - Recognition and Measurement
    - Presentation
    - Disclosure
  - Presentation and Disclosure Excerpts
    - Finance Costs
    - Capitalised Borrowing Costs
- IAS 28, Investments in Associates
- IAS 31, Interests in Joint Venture
  - IFRS Overview and Comparison to US GAAP
    - Recognition and Measurement
    - Presentation
    - Disclosure
  - Presentation and Disclosure Excerpts
    - Share of Post-Tax Profit or Loss of Associates and Joint Ventures Included in Pre-Tax Operating Profit, Associates and Joint Ventures Designated at Fair Value Through Profit or Loss Impairment Losses
    - Share of Income From Associates Not Included in Operating Profit and Share of Other Comprehensive Income of Associates
- IAS 17, Leases
  - IFRS Overview and Comparison to US GAAP
    - Recognition and Measurement
    - Presentation
    - Disclosure
  - Presentation and Disclosure Excerpts
    - Lessee – Finance and Operating Leases, Lessor – Operating Leases
    - Lessor – Finance Leases
- IAS 36, Impairment of Assets
  - IFRS Overview and Comparison to US GAAP

        - Recognition and Measurement
        - Presentation
        - Disclosure
    - Presentation and Disclosure Excerpts
        - Impairment – Losses on Property, Plant and Equipment, Goodwill and Other Intangible Assets
        - Impairment – Reversal of Losses on Property, Plant and Equipment Held at Revalued Amount
        - Impairment – Investment in Associate
        - Impairment – Investment in Jointly Controlled Entities
        - Impairment – Assets Classified as Held for Sale
- Gains and Losses on Derecognition of Non-current Assets
    - IFRS Overview and Comparison to US GAAP
        - Recognition and Measurement
        - Presentation
        - Disclosure
    - Presentation and Disclosure Excerpts
        - Gain on Sale of Property, Plant and Equipment, Intangible Assets, and Assets Held for Sale
        - Gain (Loss) on Disposal of Hotels
        - Profit and Loss on Sales of Property, Plant and Equipment and Waste Products
- Change in Fair Value of Non-financial Assets
    - IFRS Overview and Comparison to US GAAP
        - Recognition and Measurement
        - Presentation
        - Disclosure
    - Presentation and Disclosure Excerpts
        - Changes in Fair Value of Biological assets Recognised in Profit and Loss, Change in Revalued Amount Recognised in Other Comprehensive Income – Property, Plant and Equipment
        - Changes in Fair Value Recognised in Profit and Loss – Investment Property and Timber, Change in Revalued Amount Recognised in Other Comprehensive Income – Property, Plant and Equipment, including Renewable Power Generation and Utilities, Transport, and Energy Assets
- IAS 12, Income Taxes
    - IFRS Overview and Comparison to US GAAP
        - Recognition and Measurement

- Presentation
- Disclosure
- Presentation and Disclosure Excerpts
  - Effects of Change in Tax Rate, Disaggregation of Tax Effects of Items Recognised in Other Comprehensive Income
  - Tax Effects of Discontinued Operations, Items Recognised in Other Comprehensive Income Shown Net of Tax
  - Offsetting of Assets and Liabilities from the Same Tax Authority, Used and Unused Tax Loss Carryforwards, Items Recognised in Other Comprehensive Income Shown Net of Tax
  - Tax Expense Reconciliation Disclosure – Use of Single Domestic Statutory Tax Rate
  - Effective Tax Rate Reconciliation Disclosure – Use of Weighted Average Statutory Tax Rate
- IAS 33, *Earnings Per Share*
  - IFRS Overview and Comparison to US GAAP
    - Recognition and Measurement
    - Presentation
    - Disclosure
  - Presentation and Disclosure Excerpts
    - Basic and Diluted EPS Reported on One Line – No Dilutive Potential Shares
    - Basic and Diluted EPS – Two Classes of Ordinary Shares, Disclosure of EPS per American Depository Receipt (ADS), Options and Warrants Anti-dilutive in Prior Year
    - Basic and Diluted EPS – Continuing Operations, Discontinued Operations
    - Basic and Diluted EPS – Accounting Policy Disclosure, Net Loss, All Potentially Dilutive Shares Anti-dilutive
    - Basic and Diluted EPS – Net Loss Resulting in Outstanding Convertible Preference Shares, Convertible Debt, Share Options Anti-dilutive in Current Year, Dilutive in Prior Years
- Statement of Changes in Equity and Related Disclosures
  - IAS 1, Presentation of Financial Statements
  - IFRIC 17, Distributions of Non-Cash Assets to Owners
    - IFRS Overview and Comparison to US GAAP
      - Presentation
      - Disclosure
    - Presentation and Disclosure Excerpts

        - Issue of Common and Preferred Shares
        - Rights Issue, Scrip Dividend, Issue of Treasury Shares, Shares Issued in Lieu of Dividends, Issue of Treasury Shares
        - Dividends of Preference Shares (Classified as Equity), Dividends of Subsidiaries, Transfer of Revaluation Reserve to Retained Earnings on Depreciation and Disposal of Revalued Assets
        - Reduction in Par Value, Reclassification of Equity Component of Convertible Debt, Capital Contribution from Non-controlling Interests
        - Fair Value of Net Assets Acquired in Reverse Acquisition, Shares Issued in Private Placement
        - Proposed Appropriation of Net Income, Equity Component of Convertible Bonds
        - Adjustment for Hyperinflation, Reduction in Share Capital
- Statement of Cash Flows and related Disclosures
    - IAS 7, *Statement of Cash Flows*
        - IFRS Overview and Comparison to US GAAP
            - Presentation
            - Disclosure
        - Presentation and Disclosure Excerpts
            - Presentation of Operating Activities Using the Direct Method – Interest Paid/Received Presented in Operating, Investing and Financing Activities
            - Presentation of Operating Activities Using the Direct Method – Reconciliation of Profit (Loss) to Net Cash Flows From Operating Activities Provided in a Note Disclosure
            - Presentation of Operating Activities Using the Indirect Method – Adjustments to Income Before Tax, Adjustments for Accretion on Financial Liabilities, Dividends on Preferred Stock Subject to Mandatory Redemption
            - Operating Activities: Adjustments for Depreciation, Impairments, Inventory Writedowns, Labor Agreements, Litigation Provisions, Recycling of Deferred Hedging Gains
            - Operating Activities: Adjustment for Repurchase of Bonds and Change in Estimates Related to Debentures
            - Operating Activities: Note Disclosure of the Reconciliation of Profit Before Tax to Cash From Operating Activities, Adjustments for Fair Value Gains on Forestry Assets, Felling Costs, and Special Items, Change in Net Debt

        - Operating Activities: Adjustment for Provision for Doubtful Debts, Impairment of Guarantees, Fair Value Gain on Financial Assets Held for Trading
        - Investing Activities: Purchase and Sale of Non-current assets, Government Subsidies
        - Investing Activities: Collections and Payments of Forward Arrangements, Collection and Payments of Bank Deposits, Capital Increases in Associates
        - Investing Activities: Interest and Dividends Received, Interest Paid and Capitalised, Purchase of Subsidiaries and Non-controlling Interest, Decrease (Increase) in Advances and Refundable Deposits
        - Financing Activities: Issue of Share Capital, Sales and Leaseback of Aircraft, Repayment of Financial Lease Obligations, Refunds of Deposits Pledged for Financial Leases, Receipt and Payment of Restricted Bank Deposits
        - Financing Activities: Capital Increase, Issue and Repayment of Subordinated Long-Term Debt, Issuances of Preferred Securities, Issue of Capital Shares Under Share-Based Compensation Agreements
        - Financing Activities: Issue of Securities, Expenditures Paid by Third Party, Exercise of Stock Options
        - Financing Activities: Commercial Property Debt Issue, Amortisation and Repayment, Trust Unit and Class B Limited Partnership Distributions
- Non-current Assets Held for Sale and Discontinued Operations
    - IFRS 5, Non-current Assets Held for Sale and Discontinued Operations
    - IFRS Overview and Comparison to US GAAP
        - Recognition and Measurement
        - Presentation
        - Disclosure
    - Presentation and Disclosure Excerpts
        - Non-current Assets Held for Sale
        - Discontinued Operations, Withdrawal of Business from Held for Sale and Reclassification as Continuing Operations
        - Spinoff, Discontinued Operations, Assets and Associated Liabilities Classified as Held for Sale
- Operating Segments
- IFRS 8, *Operating Segments*
    - IFRS Overview and Comparison to US GAAP

            - Recognition and Measurement
            - Disclosure
        - Presentation and Disclosure Excerpts
            - Operating Segments Defined on the Basis of Business Activities
            - Operating Segments Defined on the Basis of Business Activities, Segment Information Provided in Separate Asset, Liability, Revenue and Expense Disclosures
            - Operating Segments Defined on the Basis of Geographical Areas, Revised Based on Change in Organisational Structure
            - Initial Application of IFRS and IFRS 8, Reconciliation of Segment Information Presented Under Argentine GAAP and IFRS
- Financial Instruments and Related Disclosure
    - IFRS 7, Financial Instruments: Disclosure
    - IAS 32, Financial Instruments: Presentation
    - IAS 39, Financial Instruments: Recognition and Measurement
        - IFRS Overview and Comparison to US GAAP
            - Recognition and Measurement
            - Presentation
            - Disclosure
        - Presentation and Disclosure Excerpts
            - Early Adoption of IFRS 9 – First-time Adoption of IFRS
            - Financial Assets – Accounts Receivable and Accounts Receivable from Related Parties
            - Financial Assets – Held to Maturity
            - Financial Assets and Financial Liabilities – Held for Trading, Designated at FVTPL, Available for Sale, Reclassified to Loans and Receivables, Reclassified to Available for Sale
            - Financial Liabilities – Accounts Payable, Notes Payable, Warranty Liabilities, Non-current Financial Liabilities
            - Preference Shares – Redeemable Classified as Liabilities
            - Compound Financial Instruments – Perpetual Bonds Redeemable for Shares
            - Transfers of Financial Assets – Securitisation of Receivables
            - Derivatives and Hedging
- Business combinations
    - IFRS 3, Business Combinations
        - IFRS Overview and Comparison to US GAAP
            - Recognition and Measurement
            - Presentation
            - Disclosure

        - Presentation and Disclosure Excerpts
            - Acquisition Financed Through Issue of Ordinary Shares and Options Over Ordinary Shares, Gain on Bargain Purchases
            - Prospective Application of IFRS 3 (2008), Non-Controlling Interest Measured as the Proportionate Share of the Net Identifiable Assets of the Aquiree
            - Prospective Application of IFRS 3 (2008), Revaluation of Previously Held Equity Interest
- Reporting in Hyperinflationary Economies
    - IAS 29, Financial Reporting in Hyperinflationary Economies
        - IFRS Overview and Comparison to US GAAP
            - Recognition and Measurement
            - Disclosure
        - Presentation and Disclosure Excerpts
            - Elimination of the Price-Level Adjustment for Subsidiaries on Transition to IFRS
            - Deconsolidation of Foreign Operations in a Hyperinflationary Economy
            - Foreign Subsidiary Adjusted for Inflation Prior to Translation into Presentation Currency
- Service Concession Arrangements
    - IFRIC 12, Service Concession Arrangements
    - SIC 29, Service Concession Arrangements: Disclosure
        - IFRS Overview and Comparison to US GAAP
            - Recognition and Measurement
            - Disclosure
        - Presentation and Disclosure Excerpts
            - Service Concession – Intangible Assets, Indemnities Receivable
- First-Time Adoption of IFRS
    - IFRS 1, First-Time Adoption of International Financial Reporting Standards
        - IFRS Overview and Comparison to US GAAP
            - Recognition and Measurement
            - Presentation
            - Disclosure
        - Presentation and Disclosure Excerpts
            - Transition From Canadian GAAP to IFRS – IFRS 1 Exemptions Elected
            - Transition From Argentine GAAP to IFRS – IFRS 1 Exemptions Elected

CHAPTER TWO

Other reporting standards

BESIDES IFRS THERE ARE MANY OTHER STANDARDS that have an important influence on business reporting. A selected portion of these standards are presented in this section, being those that have widespread usage. In particular:

- Public Sector Standards (IPSAS);
- statistics-focused standards;
- Standards of the International Valuation Standards Council (IVSC), being a standard setter that strictly focuses on valuation;
- Standards of the International Organization for Standardization (also commonly referred to as the ISO), being the largest standards organisation in the world, and that accumulates a significant amount of unit data and specifications.

2.1 INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)

International Federation of Accountants (IFAC)

It is noteworthy that the International Federation of Accountants (IFAC) plays a considerable role in relation to the accounting profession worldwide, as well as in relation to accounting standards for the private and public sectors. See www.ifac.org (Figure 2.1).

Note that this screenshot and the following text is an extract from the website of the International Federation of Accountants (IFAC) and is used with permission of IFAC.

As per the related organisation overview, IFAC's mission is to serve the public interest by: contributing to the development, adoption and implementation of high-quality international standards and guidance; contributing to the development of strong professional accountancy organisations and accounting firms, and to high-quality practices by professional accountants; promoting the value of professional accountants worldwide; speaking out on public interest issues where the accountancy profession's expertise is most relevant.

Furthermore, IFAC's vision is that the global accountancy profession be recognised as a valued leader in the development of strong and sustainable organisations, financial markets and economies. In addition, as the global organisation for the accountancy profession, IFAC is committed to protecting

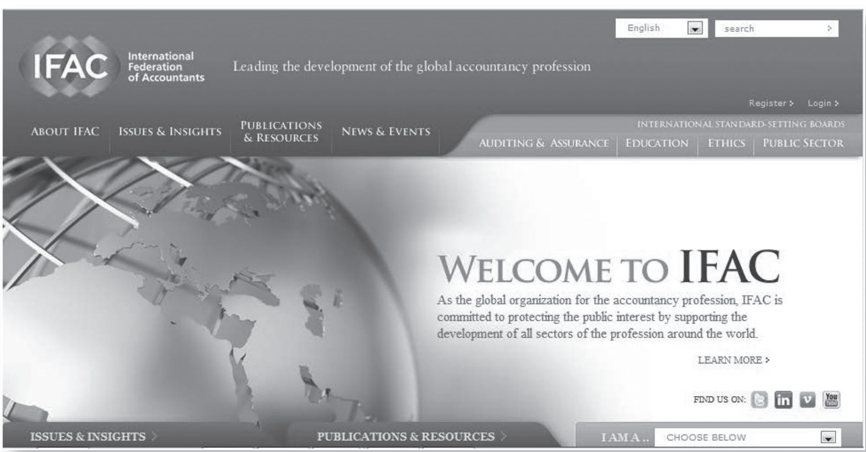


FIGURE 2.1 IFAC.

the public interest by supporting the development of all sectors of the profession around the world.

Also, as per www.ifac.org/about-ifac/structure-governance, IFAC's structure and governance are designed to promote transparency, to facilitate collaboration with members and consultation with stakeholders, and to ensure the effective operations of the organisation. Founded in 1977, IFAC is a Swiss-registered association whose members are professional accountancy organisations. Still, ultimate governance of IFAC rests with the IFAC Council, which comprises one representative from each member. The Council meets once a year and is responsible for deciding constitutional and strategic matters and electing the board. As for overall direction and administration, this is provided by the IFAC Secretariat headquartered in New York. IFAC is staffed by accounting professionals from around the world.

In addition, as suggested in relation to its mission, IFAC contributes to high-quality international standards and guidance, helps build strong professional accountancy organisations and accounting firms, and supports high-quality practices by professional accountants – all necessary infrastructure for the effective functioning of the world's capital markets. Nevertheless, it must not be overlooked that IFAC speaks out on public interest issues where the accountancy profession's expertise is most relevant, and encourages accountability and transparency from governments around the world.

IFAC is comprised of 167 members and associates in 127 countries and jurisdictions, representing over 2.5 million accountants. IFAC strives to serve the public interest through the development of standards in the areas of accounting and reporting such as auditing, education, ethics, and public sector financial reporting; by advocating transparency and convergence in financial reporting; by providing best practice guidance for professional accountants employed in business; and by implementing a membership compliance programme.

As the global organisation for the accountancy profession, IFAC is committed to protecting the public interest by developing high-quality international standards, promoting strong ethical values, encouraging quality practice, and supporting the development of all sectors of the profession around the world. Thereby, one of the most important functions of the organisation is setting standards on auditing. This is done through the International Auditing and Assurance Standards Board (IAASB). See www.ifac.org/auditing-assurance.

The IAASB functions as an independent standard-setting body under the auspices of IFAC. For that reason, the IAASB works to establish high-quality auditing, assurance, quality control and related services standards to improve the uniformity of practice by professional accountants throughout the world, thereby strengthening public confidence in the global auditing profession and serving the public interest.

International Public Sector Accounting Standards Board (IPSASB)

Introduction

It is in the aforementioned capacity of IFAC, wherein governmental financial integrity is promoted, and public interest is served, that we see the need for the sponsorship of professionalism and the setting of standards in the public sector. It is worth noting that most countries have public spending that amounts to a large proportion of gross domestic product (GDP).

Commonly, the magnitude of total government outlays can be as much as 60 per cent of GDP and, comfortably, in the region of 40 per cent. Some countries can have outlays well in excess of that level, which is common in developing nations. For related information as to trends in general government outlays, especially as a percentage of GDP, see *Enhancing The Cost Effectiveness of Public Spending* – Figure VI.1, page 3, Organization for Economic Cooperation and Development (OECD), as is available at www.oecd.org/dataoecd/58/19/23466327.pdf.

Consider that this significant outlay by governments occurs without much in the way of transparency. Also, give thought to old fashioned reporting methods that can still be used in the public sector, as well as there being extensive lags before any reports are made available for the scrutiny of the general public. Of course, it must be admitted that valuation in the public sector is much more difficult when it comes to determining the value of infrastructure, such as roads and bridges, or natural resources, such as water reserves. Nevertheless, it is not much of a mental stretch to conclude that if entities in the public sector were to improve business reporting, especially if this was prepared in line with generally accepted reporting standards, then that should lead to tremendous savings, better decision making, as well as much increased cooperation with the private sector.

It is with those positive, and economically beneficial, possibilities in mind that standard setting in the public sector can be seen as being very necessary. This commendable endeavour is the particular responsibility of the International Public Sector Accounting Standards Board (IPSASB) of IFAC, which focuses on the accounting, auditing and financial reporting needs of national, regional, and local governments, related governmental agencies, and the constituencies served by such public sector entities. Note that the following IPSASB text is an extract from the website of the International Federation of Accountants (IFAC) and is used with permission of IFAC.

In effect, IPSASB is an independent standard-setting body within IFAC. Essentially, the IPSASB develops high-quality International Public Sector Accounting Standards (IPSAS), guidance and resources for use by public sector entities around the world for preparation of general purpose financial statements. Since the standards are based on IAS and IFRS, it stands to reason that the IPSASB works closely with the IFRS Foundation on translations, as well as XBRL taxonomies. There is an objective to converge with IFRS, as is evident in the remainder of this section on IPSAS.

The IPSASB also issues and promotes benchmark guidance and facilitates the exchange of information among accountants and those who work in the public sector. See www.ifac.org/public-sector.

As an aside, in relation to IPSAS following IFRS, it was through the dedicated efforts of Kurt Ramin, one of the authors of this publication, and who worked at the IASB at the time, that a seminal agreement between IFAC and the IASB was signed. The result of that work is reflected in the strong link between IPSAS and IFRS. This is evident in the notice that appears at the start of all IPSAS, an example of which is shown in Figure 2.2.

Note that this screenshot and IPSAS text to follow is an extract from the website of the International Federation of Accountants (IFAC) and is used with permission of IFAC.

It is particularly noteworthy that, in early 2012, the Statistical Office of the European Union (Eurostat) issued a public consultation on the assessment of suitability of IPSAS for the Member States of the EU. All citizens and organisations can participate in the consultation, although contributions from national governments, as well as national authorities and stakeholders, will be asked for directly. See gaap-ifrs.com/news/126306/.

The Preface

The Preface to IPSAS states that the IPSASB [formerly Public Sector Committee (PSC)] is a Board of IFAC that was formed to develop, and issue under its own authority, IPSAS. IPSAS are high-quality global financial reporting standards for application by public sector entities other than Government Business Enterprises (GBEs).

IPSAS 12—INVENTORIES

Acknowledgment

This International Public Sector Accounting Standard is drawn primarily from International Accounting Standard (IAS) 2 (revised 1993), "Inventories" published by the International Accounting Standards Committee (IASC). The International Accounting Standards Board (IASB) and the International Accounting Standards Committee Foundation (IASCF) were established in 2001 to replace the IASC. The International Accounting Standards (IASs) issued by IASC remain in force until they are amended or withdrawn by IASB. Extracts from IAS 2 are reproduced in this publication of the Public Sector Committee of the International Federation of Accountants with the permission of IASB.

The approved text of the IASs is that published by IASB in the English language, and copies may be obtained directly from IASB Publications Department, 7th Floor, 166 Fleet Street, London EC4A 2DY, United Kingdom.

E-mail: publications@iasb.org
Internet: http://www.iasb.org

IASs, exposure drafts and other publications of IASC and IASB are copyright of the IASCF.

"IAS," "IASB," "IASC," "IASCF" and "International Accounting Standards" are trademarks of IASCF and should not be used without the approval of IASCF.

FIGURE 2.2 IPSAS 12 – Inventories.

The IPSASB Consultative Group is appointed by the IPSASB. The Consultative Group is a non-voting group. It provides a means by which the IPSASB can consult with and seek advice as necessary from a broad constituent group. The Consultative Group is chaired by the Chair of the IPSASB. The Consultative Group is primarily an electronic forum. However, regional chapters of the Consultative Group meet with the IPSASB in conjunction with any IPSASB meetings in their region. All Consultative Group members are invited to these meetings. In addition, a full meeting of all members of the Consultative Group may be held if considered necessary.

The objectives of the IPSASB are to serve the public interest by developing high-quality public sector financial reporting standards and by facilitating the convergence of international and national standards, thereby enhancing the quality and uniformity of financial reporting throughout the world. The IPSASB achieves its objectives by:

- issuing IPSAS;
- promoting their acceptance and the international convergence to these standards;
- publishing other documents which provide guidance on issues and experiences in financial reporting in the public sector.

The IPSAS are the authoritative requirements established by the IPSASB. Apart from developing IPSAS, the IPSASB issues other non-authoritative publications including studies, research reports and occasional papers that deal with particular public sector financial reporting issues.

The IPSASB develops IPSAS which apply to the accrual basis of accounting and IPSAS which apply to the cash basis of accounting. IPSAS set out recognition, measurement, presentation and disclosure requirements dealing with transactions and events in general purpose financial statements. The IPSAS are designed to apply to the general purpose financial statements of all public sector entities. Public sector entities include national governments, regional governments (for example, state, provincial, territorial), local governments (for example, city, town) and their component entities (for example, departments, agencies, boards, commissions), unless otherwise stated. The Standards do not apply to GBEs. GBEs apply IFRS which are issued by the International Government Business Enterprises.

Financial statements issued for users that are unable to demand financial information to meet their specific information needs are general purpose financial statements. Examples of such users are citizens, voters, their representatives and other members of the public. The term 'financial statements' used in the standards covers all statements and explanatory material which are identified as being part of the general purpose financial statements.

When the accrual basis of accounting underlies the preparation of the financial statements, the financial statements will include the statement of financial position, the statement of financial performance, the cash flow statement and the statement of changes in net assets/equity. When the cash basis of accounting underlies the preparation of the financial statements, the primary financial statement is the statement of cash receipts and payments.

In addition to preparing general purpose financial statements, an entity may prepare financial statements for other parties (such as governing bodies, the legislature and other parties who perform an oversight function) who can demand financial statements tailored to meet their specific information needs. Such statements are referred to as special purpose financial statements. The IPSASB encourages the use of IPSAS in the preparation of special purpose financial statements where appropriate.

The IPSASB develops accrual IPSAS that:

- are converged with IFRS issued by the IASB by adapting them to a public sector context when appropriate. In undertaking that process, the IPSASB attempts, wherever possible, to maintain the accounting treatment and original text of the IFRS unless there is a significant public sector issue which warrants a departure;
- deal with public sector financial reporting issues that are either not comprehensively dealt with in existing IFRS or for which IFRS have not been developed by the IASB.

As many accrual-based IPSAS are based on IFRS, the IASB's 'Framework for the Preparation and Presentation of Financial Statements' is a relevant reference for users of IPSAS. The IPSASB has also issued a comprehensive Cash Basis IPSAS that includes mandatory and encouraged disclosures sections.

The Cash Basis IPSAS encourages an entity to voluntarily disclose accrual-based information, although its core financial statements will nonetheless be prepared under the cash basis of accounting. An entity in the process of moving from cash accounting to accrual accounting may wish to include particular accrual-based disclosures during this process. The status (for example, audited or unaudited) and location of additional information (for example, in the notes to the financial statements or in a separate supplementary section of the financial report) will depend on the characteristics of the information (for example, reliability and completeness) and any legislation or regulations governing financial reporting within a jurisdiction.

The IPSASB also attempts to facilitate compliance with accrual-based IPSAS through the use of transitional provisions in certain standards. Where transitional provisions exist, they may allow an entity additional time to meet the full requirements of a specific accrual-based IPSAS or provide relief from certain requirements when initially applying an IPSAS. An entity may at any time elect to adopt the accrual basis of accounting in accordance with IPSAS. At this point, the entity shall apply all the accrual-based IPSAS and could choose to apply any transitional provisions in an individual accrual-based IPSAS.

Having decided to adopt accrual accounting in accordance with IPSAS, the transitional provisions would govern the length of time available to make the transition. On the expiry of the transitional provisions, the entity shall report in full in accordance with all accrual-based IPSAS.

IPSAS 1, 'Presentation of Financial Statements', includes the following requirement:

> An entity whose financial statements comply with International Public Sector Accounting Standards should disclose that fact. Financial statements should not be described as complying with International Public Sector Accounting Standards unless they comply with all the requirements of each applicable International Public Sector Accounting Standards.

IPSAS 1 also requires disclosure of the extent to which the entity has applied any transitional provisions.

Within each jurisdiction, regulations may govern the issue of general purpose financial statements by public sector entities. These regulations may be in the form of statutory reporting requirements, financial reporting directives and instructions, and/or accounting standards promulgated by governments, regulatory bodies and/or professional accounting bodies in the jurisdiction concerned.

The IPSASB believes that the adoption of IPSAS, together with disclosure of compliance with them, will lead to a significant improvement in the quality of general purpose financial reporting by public sector entities. This, in turn, is likely to lead to better informed assessments of the resource allocation decisions made by governments, thereby increasing transparency and accountability.

The IPSASB acknowledges the right of governments and national standard setters to establish accounting standards and guidelines for financial reporting in their jurisdictions. Some sovereign governments and national standard setters have already developed accounting standards that apply to governments and public sector entities within their jurisdiction. IPSAS may assist such standard setters in the development of new standards or in the revision of existing standards in order to contribute to greater comparability. IPSAS are likely to be of considerable use to jurisdictions that have not yet developed accounting standards for governments and public sector entities. The IPSASB strongly encourages the adoption of IPSAS and the harmonisation of national requirements with IPSAS.

IPSAS Standards – summary and word count comparison

In relation to the aforementioned link between IPSAS and other standards, the following table shows standards that were developed, as per the related IFRS and IAS. A word count, for comparative purposes, is also provided. The overall size of the related publication of the IPSAS is well over 460,000 words, with the actual standards amounting to most of that, as summarised in Table 2.1. This not only helps to identify the size of standard, in terms of text, but also indicates the comparative importance, as well as the associated complexity.

TABLE 2.1 IPSAS summary.

IPSAS	Designation	Related IFRS/IAS	Words
IPSAS 1	*Presentation of Financial Statements*	IAS 1 IFRS 1	15,039
IPSAS 2	*Cash Flow Statements*	IAS 7	7,506
IPSAS 3	*Net Surplus or Deficit for the Period – Fundamental Errors and Changing in Accounting Policies*	IAS 8	7,957
IPSAS 4	*The Effects of Changes in Foreign Exchange Rates*	IAS 21	8,454
IPSAS 5	*Borrowing Costs*	IAS 23	3,812
IPSAS 6	*Consolidated Financial Statements – Accounting for Controlled Entities*	IAS 27	6,734
IPSAS 7	*Accounting for Investments in Associates*	IAS 28	4,391
IPSAS 8	*Financial Reporting of Interests in Joint Ventures*	IAS 31	6,287
IPSAS 9	*Revenue from Exchange Transactions*	IAS 18	7,157
IPSAS 10	*Financial Reporting in Hyperinflationary Economies*	IAS 29	3,668
IPSAS 11	*Construction Contracts*	IAS 11	7,856
IPSAS 12	*Inventories*	IAS 2	4,300
IPSAS 13	*Leases*	IAS 17	9,216
IPSAS 14	*Events After the Reporting Date*	IAS 10	3,973
IPSAS 15	*Financial Instruments: Disclosure and Presentation*	IAS 32	23,634
IPSAS 16	*Investment Property*	IAS 40	8,724
IPSAS 17	*Property, Plant and Equipment*	IAS 16	9,686
IPSAS 18	*Segment Reporting*	IAS 14	10,376
IPSAS 19	*Provisions, Contingent Liabilities, Contingent Assets*	IAS 37	14,366

IPSAS	Designation	Related IFRS/IAS	Words
IPSAS 20	*Related Party Disclosures*	IAS 24	6,485
IPSAS 21	*Impairment of Non-cash-generating Assets*	IAS 36	13,538
IPSAS 22	*Disclosure of Financial Information About the General Government Sector*	N/A	8,621
IPSAS 23	*Revenue from Non-Exchange Transactions (Taxes and Transfers)*	N/A	21,937
IPSAS 24	*Presentation of Budget Information in Financial Statements*	N/A	10,370
IPSAS 25	*Employee Benefits*	IAS 19	28,192
IPSAS 26	*Impairment of Cash-Generating Assets*	IAS 36	21,417
IPSAS 27	*Agriculture*	IAS 41	8,841
IPSAS 28	*Financial Instruments: Presentation*	IAS 32	32,788
IPSAS 29	*Financial Instruments: Recognition and Measurement*	IAS 39	110,804
IPSAS 30	*Financial Instruments: Disclosures*	IFRS 7	16,150
IPSAS 31	*Intangible Assets*	IAS 38	18,146
Total			**460,425**

Note: N/A denotes not applicable

For a short summary of IPSAS, see www.iasplus.com/en/binary/ifac/ipsasb/ipsassummary.pdf.

Contents of Table 2.1 are based on details available at www.ifac.org/publications-resources as well as at www.ipsas.org/en/ipsas_standards.htm.

Note that the Institute for IPSAS is a private entity based in Bern, Switzerland. Its aim is to be a platform for public sector employees enabling the exchange of information and experiences relating to accounting and the submission of accounts in public bodies. Its main function is to run informative events and training courses on IPSAS and their implementation. The home page of this IPSAS-focused association at www.ipsas.org.

Without question, the public sector constitutes a large part of most economies, being a significant contributor to gross national product, national employment and capital investment around the globe. However, financial reporting in the public sector is very different. Many governmental departments and entities, for instance, have long based decision making on insufficient financial information (such as not considering accruals, or the amount of capital employed). These problematic issues underpin the increasing importance of IPSAS. For this reason, it is worth seeing a brief summary of each IPSAS, as follows, each of which is available in separate documents.

IPSAS 1 Presentation of Financial Statements

Objective The objective of this Standard is to prescribe the manner in which general purpose financial statements should be presented in order to ensure comparability both with the entity's own financial statements of previous periods and with the financial statements of other entities. To achieve this objective, this Standard sets out overall considerations for the presentation of financial statements, guidance for their structure, and minimum requirements for the content of financial statements prepared under the accrual basis of accounting. The recognition, measurement and disclosure of specific transactions and other events are dealt with in other IPSAS.

Scope This Standard should be applied in the presentation of all general purpose financial statements prepared and presented under the accrual basis of accounting in accordance with IPSAS.

General purpose financial statements are those intended to meet the needs of users who are not in a position to demand reports tailored to meet their specific information needs. Users of general purpose financial statements include taxpayers and ratepayers, members of the legislature, creditors, suppliers, the media, and employees. General purpose financial statements include those that are presented separately or within another public document such as an annual report. This Standard does not apply to condensed interim financial information.

This Standard applies equally to the financial statements of an individual entity and to consolidated financial statements for an economic entity, such as whole-of-government financial statements.

This Standard applies to all public sector entities other than GBEs. GBEs are required to comply with IAS issued by the International Accounting Standards Committee (IASC). The Public Sector Committee's Guideline No. 1, 'Financial Reporting by Government Business Enterprises', notes that IAS are relevant to all business enterprises, regardless of whether they are in the private or public sector. Accordingly, Guideline No. 1 recommends that GBEs should present financial statements that conform, in all material respects, to IAS.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears below:

- Definitions
  - Economic Entity
  - Future Economic Benefits or Service Potential
  - Government Business Enterprises
  - Net Assets/Equity
- Purpose of Financial Statements
- Responsibility for Financial Statements
- Components of Financial Statements
- Overall Considerations
  - Fair Presentation and Compliance with International Public Sector Accounting Standards
  - Accounting Policies
  - Going Concern
  - Consistency of Presentation
  - Materiality and Aggregation
  - Offsetting
  - Comparative Information
- Structure and Content
  - Introduction
  - Identification of Financial Statements
  - Reporting Period
  - Timeliness
- Statement of Financial Position
  - The Current/Non-current Distinction
  - Current Assets
  - Current Liabilities
  - Information to be Presented on the Face of the Statement of Financial Position
  - Information to be Presented Either on the Face of the Statement of Financial Position or in the Notes
- Statement of Financial Performance
  - Information to be Presented on the Face of the Statement of Financial Performance
  - Information to be Presented Either on the Face of the Statement of Financial Position or in the Notes
- Changes in Net Assets/Equity

- Cash Flow Statement
- Notes to the Financial Statements
  - Structure
  - Presentation of Accounting Policies
  - Other Disclosures
- Transitional Provisions
- Effective Date
- Appendix 1 – Illustrative Financial Statement Structure
- Appendix 2 – Qualitative Characteristics of Financial Reporting
- Comparison with IAS 1

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 2 Cash Flow Statements

Objective The cash flow statement identifies the sources of cash inflows, the items on which cash was expended during the reporting period, and the cash balance as at the reporting date. Information about the cash flows of an entity is useful in providing users of financial statements with information for both accountability and decision making purposes. Cash flow information allows users to ascertain how a public sector entity raised the cash it required to fund its activities and the manner in which that cash was used. In making and evaluating decisions about the allocation of resources, such as the sustainability of the entity's activities, users require an understanding of the timing and certainty of cash flows. The objective of this Standard is to require the provision of information about the historical changes in cash and cash equivalents of an entity by means of a cash flow statement which classifies cash flows during the period from operating, investing and financing activities.

Scope An entity which prepares and presents financial statements under the accrual basis of accounting should prepare a cash flow statement in accordance with the requirements of this Standard and should present it as an integral part of its financial statements for each period for which financial statements are presented.

Information about cash flows may be useful to users of an entity's financial statements in assessing the entity's cash flows, assessing the entity's compliance with legislation and regulations (including authorised budgets where appropriate) and for making decisions about whether to provide resources to, or enter into transactions with an entity. They are generally interested in how the entity generates and uses cash and cash equivalents. This is the case regardless of the nature of the entity's activities and irrespective of whether cash can be viewed as the product of the entity, as may be the case with a public financial institution. Entities need cash for essentially the same reasons, however different their principal revenue producing activities might be. They need cash to pay for the goods and services they consume, to meet ongoing debt servicing costs, and, in some cases, to reduce levels of debt. Accordingly, this Standard requires all entities to present a cash flow statement.

This Standard applies to all public sector entities other than GBEs. GBEs are required to comply with IAS issued by the IASC. The Public Sector Committee's Guideline No. 1, 'Financial Reporting by Government Business Enterprises', notes that IAS are relevant to all business enterprises, regardless of whether they are in the private or public sector. Accordingly, Guideline No. 1 recommends that GBEs should present financial statements that conform, in all material respects, to IAS.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears below:

- Benefits of Cash Flow Information
- Definitions
  - Cash and Cash Equivalents
  - Economic Entity
  - Future Economic Benefits or Service Potential
  - Government Business Enterprises
  - Net Assets/Equity
- Presentation of a Cash Flow Statement
  - Operating Activities
  - Investing Activities
  - Financing Activities
- Reporting Cash Flows from Operating Activities
- Reporting Cash Flows from Investing and Financing Activities
- Reporting Cash Flows on a Net Basis
- Foreign Currency Cash Flows
- Extraordinary Items
- Interest and Dividends
- Taxes on Net Surplus
- Investments in Controlled Entities, Associates and Joint Ventures

- Acquisitions and Disposals of Controlled Entities and Other Operating Units
- Non-cash Transactions
- Components of Cash and Cash Equivalents
- Other Disclosures
- Effective Date
- Appendix – Cash Flow Statement (For an Entity Other Than a Financial Institution)
- Comparison with IAS 7

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 3 Net Surplus or Deficit for the Period – Fundamental Errors and Changing in Accounting Policies

Objective The objective of this Standard is to prescribe the classification, disclosure and accounting treatment of certain items in the financial statements so that all entities prepare and present these items on a consistent basis. This enhances comparability both with the entity's financial statements of previous periods and with the financial statements of other entities.

Accordingly, this Standard requires the classification and disclosure of extraordinary items and the separate disclosure of certain items in the financial statements. It also specifies the accounting treatment for changes in accounting estimates, changes in accounting policies and the correction of fundamental errors.

The disclosure of extraordinary items in the cash flow statement is required by IPSAS 2, 'Cash Flow Statements'.

Scope An entity which prepares and presents financial statements under the accrual basis of accounting should apply this Standard in presenting surplus or deficit from ordinary activities and extraordinary items in the statement of financial performance and in accounting for changes in accounting estimates, fundamental errors and changes in accounting policies.

This Standard deals with, among other things, the disclosure of certain items of net surplus or deficit for the period. These disclosures are made in addition to any other disclosures required by other IPSAS, including IPSAS 1, 'Presentation of Financial Statements'.

The tax effects of extraordinary items, fundamental errors and changes in accounting policies are not considered in this Standard as they are not relevant for many public sector entities. IAS 12, 'Income Taxes', contains guidance on the treatment of tax effects. Where IAS 12 refers to unusual items, this should be read as extraordinary items as defined in this Standard.

This Standard applies to all public sector entities other than GBEs.

GBEs are required to comply with IAS issued by the IASC. The Public Sector Committee's Guideline No. 1, 'Financial Reporting by Government Business Enterprises', notes that IAS are relevant to all business enterprises, regardless of whether they are in the private or public sector. Accordingly, Guideline No. 1 recommends that GBEs should present financial statements that conform, in all material respects, to IAS.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears below:

- Definitions
  - Future Economic Benefits or Service Potential
  - Government Business Enterprises
  - Net Assets/Equity
- Net Surplus or Deficit for the Period
  - Extraordinary Items
    - Distinct from Ordinary Activities
    - Not Expected to Recur in Foreseeable Future
    - Outside the Control or Influence of the Entity
    - Examples of Extraordinary Items
    - Disclosure of Extraordinary Items
- Surplus or Deficit from Ordinary Activities
- Changes in Accounting Estimates
- Fundamental Errors
- Benchmark Treatment
- Allowed Alternative Treatment
- Changes in Accounting Policies
- Adoption of an International Public Sector Accounting Standard
- Other Changes in Accounting Policies – Benchmark Treatment
- Other Changes in Accounting Policies – Allowed Alternative Treatment
- Effective Date
- Appendix
- Comparison with IAS 8

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm

IPSAS 4 The Effects of Changes in Foreign Exchange Rates

Objective An entity may carry on foreign activities in two ways. It may have transactions in foreign currencies or it may have foreign operations. In addition, an entity may present its financial statements in a foreign currency. The objective of this Standard is to prescribe how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency.

The principal issues are which exchange rate(s) to use and how to report the effects of changes in exchange rates in the financial statements.

Scope An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard:

(a) in accounting for transactions and balances in foreign currencies, except for those derivative transactions and balances that are within the scope of the relevant international or national accounting standards dealing with the recognition and measurement of financial instruments;
(b) in translating the financial performance and financial position of foreign operations that are included in the financial statements of the entity by consolidation, proportionate consolidation or by the equity method;
(c) in translating an entity's financial performance and financial position into a presentation currency.

International or national accounting standards dealing with the recognition and measurement of financial instruments apply to many foreign currency derivatives and, accordingly, these are excluded from the scope of this Standard. However, those foreign currency derivatives that are not within the scope of these international or national accounting standards (e.g. some foreign currency derivatives that are embedded in other contracts) are within the scope of this Standard. In addition, this Standard applies when an entity translates amounts relating to derivatives from its functional currency to its presentation currency.

This Standard does not apply to hedge accounting for foreign currency items, including the hedging of a net investment in a foreign operation. Accordingly, entities may apply the relevant international or national accounting standards dealing with hedge accounting.

This Standard applies to all public sector entities other than GBEs.

The ‘Preface to International Public Sector Accounting Standards’ issued by the IPSASB explains that GBEs apply IFRS which are issued by the IASB. GBEs are defined in IPSAS 1, ‘Presentation of Financial Statements’.

This Standard applies to the presentation of an entity’s financial statements in a foreign currency and sets out requirements for the resulting financial statements to be described as complying with IPSASs. For translations of financial information into a foreign currency that do not meet these requirements, this Standard specifies information to be disclosed.

This Standard does not apply to the presentation in a cash flow statement of cash flows arising from transactions in a foreign currency, or to the translation of cash flows of a foreign operation (see IPSAS 2, ‘Cash Flow Statements’).

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears below:

- Definitions
  - Functional Currency
  - Monetary Items
  - Net Investment in a Foreign Operation
- Summary of the Approach Required by this Standard
- Reporting Foreign Currency Transactions in the Functional Currency
  - Initial Recognition
  - Reporting at Subsequent Reporting Dates
  - Recognition of Exchange Differences
  - Change in Functional Currency
- Use of a Presentation Currency Other than the Functional Currency
  - Translation to the Presentation Currency
  - Translation of a Foreign Operation
  - Disposal of a Foreign Operation
- Tax Effects of Exchange Differences
- Disclosure
- Transitional Provisions
  - First-Time Adoption of Accrual Accounting
  - Transitional Provisions for All Entities
- Effective Date
- Withdrawal of IPSAS 4 (issued 2006)
- Basis for Conclusions
- Table of Concordance
- Comparison with IAS 21

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm

IPSAS 5 Borrowing Costs

Objective This Standard prescribes the accounting treatment for borrowing costs. This Standard generally requires the immediate expensing of borrowing costs. However, the Standard permits, as an allowed alternative treatment, the capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Scope This Standard should be applied in accounting for borrowing costs. This Standard applies to all public sector entities other than GBEs.

GBEs are required to comply with IAS issued by the IASC. The Public Sector Committee's Guideline No. 1, 'Financial Reporting by Government Business Enterprises', notes that IAS are relevant to all business enterprises, regardless of whether they are in the private or public sector. Accordingly, Guideline No. 1 recommends that GBEs should present financial statements that conform, in all material respects, to IAS.

This Standard does not deal with the actual or imputed cost of net assets/equity. Where jurisdictions apply a capital charge to individual entities, judgment will need to be exercised to determine whether the charge meets the definition of borrowing costs or whether it should be treated as an actual or imputed cost of net assets/equity.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears next:

- Definitions
  - Borrowing Costs
  - Economic Entity
  - Future Economic Benefits or Service Potential
  - Government Business Enterprises
  - Net Assets/Equity
  - Qualifying Assets
- Borrowing Costs – Benchmark Treatment
  - Recognition
  - Disclosure
- Borrowing Costs – Allowed Alternative Treatment

  - Recognition
  - Borrowing Costs Eligible for Capitalisation
  - Excess of the Carrying Amount of the Qualifying Asset Over Recoverable Amount
  - Commencement of Capitalisation
  - Suspension of Capitalisation
  - Cessation of Capitalisation
  - Disclosure
- Transitional Provisions
- Effective Date
- Comparison with IAS 23

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 6 Consolidated Financial Statements – Accounting for Controlled Entities

Objective The objective of this Standard is the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent.

Scope An entity which prepares and presents financial statements under the accrual basis of accounting should apply this Standard in the preparation and presentation of consolidated financial statements for an economic entity.

This Standard should also be applied in accounting for controlled entities in a controlling entity's separate financial statements.

Consolidated financial statements are encompassed by the term 'financial statements' included in the Preface to IPSAS. Therefore, consolidated financial statements are prepared in accordance with IPSAS.

This Standard applies to the preparation and presentation of consolidated financial statements, and accounting for controlled entities, by all public sector entities other than GBEs.

GBEs are required to comply with IAS issued by the IASC. The Public Sector Committee's Guideline No. 1, 'Financial Reporting by Government Business Enterprises', notes that IAS are relevant to all business enterprises, regardless of whether they are in the private or public sector. Accordingly, Guideline No. 1 recommends that GBEs should present financial statements that conform, in all material respects, to IAS.

This Standard establishes requirements for the preparation and presentation of consolidated financial statements, and for accounting for controlled entities in the separate financial statements of the controlling entity. Although GBEs are not required to comply with this Standard in their own financial statements, the provisions of this Standard will apply where a public sector entity that is not a GBE has one or more controlled entities that are GBEs. In these circumstances, this Standard should be applied in consolidating GBEs into the financial statements of the economic entity, and in accounting for investments in GBEs in the controlling entity's separate financial statements.

This Standard does not deal with:

(a) methods of accounting for entity combinations and their effects on consolidation, including goodwill arising on an entity combination (guidance on accounting for entity combinations can be found in IAS 22, 'Business Combinations');
(b) accounting for investments in associates (see IPSAS 7, 'Accounting for Investments in Associates');
(c) accounting for investments in joint ventures (see IPSAS 8, 'Financial Reporting of Interests in Joint Ventures').

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears below. (Note that there is no Objective provided.)

- Definitions
  - Economic Entity
  - Future Economic Benefits or Service Potential
  - Government Business Enterprises
  - Net Assets/Equity
- Presentation of Consolidated Financial Statements
- Scope of Consolidated Financial Statements
  - Establishing Control of another Entity for Financial Reporting Purposes
  - Control for Financial Reporting Purposes
  - Regulatory and Purchase Power
  - Determining whether Control Exists for Financial Reporting Purposes
- Consolidation Procedures
- Accounting for Controlled Entities in a Controlling Entity's Separate Financial Statements
- Disclosure
- Transitional Provisions

- Effective Date
- Comparison with IAS 27

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 7 Accounting for Investments in Associates

Objective The objective of this IPSAS is to reduce alternatives in the application of the equity method and in accounting for investments in associates in separate financial statements.

Scope An entity which prepares and presents financial statements under the accrual basis of accounting should apply this Standard in accounting by an investor for investments in associates where the investment in the associate leads to the holding of an ownership interest in the form of a shareholding or other formal equity structure.

This Standard provides the basis for accounting for ownership interests in associates. That is, the investment in the other entity confers on the investor the risks and rewards incidental to an ownership interest. The Standard applies only to investments in the formal equity structure (or its equivalent) of an investee. A formal equity structure means share capital or an equivalent form of unitised capital, such as units in a property trust, but may also include other equity structures in which the investor's interest can be measured reliably. Where the equity structure is poorly defined it may not be possible to obtain a reliable measure of the ownership interest.

Some contributions made by public sector entities may be referred to as an 'investment' but may not give rise to an ownership interest. For example, a public sector entity may make a substantial investment in the development of a hospital that is owned and operated by a charity. While such contributions are non-reciprocal in nature, they allow the public sector entity to participate in the operation of the hospital, and the charity is accountable to the public sector entity for its use of public monies. However, the contributions made by the public sector entity do not constitute an ownership interest, as the charity could seek alternative funding and thereby prevent the public sector entity from participating in the operation of the hospital. Accordingly, the public sector entity is not exposed to the risks nor does it enjoy the rewards which are incidental to an ownership interest.

This Standard applies to all public sector entities other than GBEs. GBEs are required to comply with IAS issued by the IASC. The Public Sector Committee's

Guideline No. 1, 'Financial Reporting by Government Business Enterprises', notes that IAS are relevant to all business enterprises, regardless of whether they are in the private or public sector. Accordingly, Guideline No. 1 recommends that GBEs should present financial statements that conform, in all material respects, to IAS.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears below. (Note that there is no Objective provided.)

- Definitions
  - Cost Method
  - Economic Entity
  - Equity Method
  - Future Economic Benefits or Service Potential
  - Government Business Enterprises
  - Net Assets/Equity
  - Significant Influence
- Consolidated Financial Statements
- Separate Financial Statements of the Investor
- Application of the Equity Method
  - Impairment Losses
  - Income Taxes
  - Contingencies
  - Disclosure
  - Effective Date
  - Comparison with IAS 28

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 8 Financial Reporting of Interests in Joint Ventures

Objective The objective of this IPSAS is to report effectively the investments in subsidiaries in associates.

Scope An entity which prepares and presents financial statements under the accrual basis of accounting should apply this Standard in accounting for interests in joint ventures and the reporting of joint venture assets, liabilities, revenue and expenses in the financial statements of venturers and investors, regardless of the structures or forms under which the joint venture activities take place.

This Standard provides the basis for accounting for interests in joint ventures. This Standard applies to all public sector entities other than GBEs.

GBEs are required to comply with IAS issued by the IASC. The Public Sector Committee's Guideline No. 1, 'Financial Reporting by Government Business Enterprises', notes that IAS are relevant to all business enterprises, regardless of whether they are in the private or public sector. Accordingly, Guideline No. 1 recommends that GBEs should present financial statements that conform, in all material respects, to IAS.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears below. (Note that there is no Objective provided.)

- Definitions
  - Binding Arrangement
  - Economic Entity
  - Forms of Joint Venture
  - Future Economic Benefits or Service Potential
  - Government Business Enterprise
  - Net Assets/Equity
- Jointly Controlled Operations
- Jointly Controlled Assets
- Jointly Controlled Entities
  - Consolidated Financial Statements of a Venturer
    - Benchmark Treatment-Proportionate Consolidation
    - Allowed Alternative Treatment-Equity Method
    - Exceptions to Benchmark and Allowed Alternative Treatments
  - Separate Financial Statements of a Venturer
- Transactions Between a Venturer and a Joint Venture
- Reporting Interests in Joint Ventures in the Financial Statements of an Investor
- Operators of Joint Ventures
- Disclosure
- Transitional Provisions
- Effective Date
- Comparison with IAS 31

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 9 Revenue from Exchange Transactions

Objective The IASC 'Framework for the Preparation and Presentation of Financial Statements' defines income as 'increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants'. The IASC definition of income encompasses both revenue and gains. This Standard uses the term 'revenue', which encompasses both revenues and gains, in place of the term 'income'. Certain specific items to be recognised as revenues are addressed in other Standards and are excluded from the scope of this Standard. For example, gains arising on the sale of property, plant and equipment are specifically addressed in Standards on property, plant and equipment and are not covered in this Standard.

The objective of this Standard is to prescribe the accounting treatment of revenue arising from exchange transactions and events.

The primary issue in accounting for revenue is determining when to recognise revenue. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity and these benefits can be measured reliably. This Standard identifies the circumstances in which these criteria will be met and, therefore, revenue will be recognised. It also provides practical guidance on the application of these criteria.

Scope An entity which prepares and presents financial statements under the accrual basis of accounting should apply this Standard in accounting for revenue arising from the following exchange transactions and events:

(a) the rendering of services;
(b) the sale of goods;
(c) the use by others of entity assets yielding interest, royalties and dividends.

This Standard applies to all public sector entities other than GBEs. GBEs are required to comply with IAS issued by the IASC. The Public Sector Committee's Guideline No. 1, 'Financial Reporting by Government Business Enterprises', notes that IAS are relevant to all business enterprises, regardless of whether they are in the private or public sector. Accordingly, Guideline No. 1 recommends that GBEs should present financial statements that conform, in all material respects, to IAS.

This Standard does not deal with revenue arising from non-exchange transactions.

Public sector entities may derive revenues from exchange or non-exchange transactions. An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. Examples of exchange transactions include:

(a) the purchase or sale of goods or services; or
(b) the lease of property, plant and equipment; at market rates.

In distinguishing between exchange and non-exchange revenues, substance rather than the form of the transaction should be considered. Examples of non-exchange transactions include revenue from the use of sovereign powers (for example, direct and indirect taxes, duties and fines), grants and donations.

The rendering of services typically involves the performance by the entity of an agreed task over an agreed period of time. The services may be rendered within a single period or over more than one period. Examples of services rendered by public sector entities for which revenue is typically received in exchange may include the provision of housing, management of water facilities, management of toll roads, and management of transfer payments. Some agreements for the rendering of services are directly related to construction contracts, for example, those for the services of project managers and architects. Revenue arising from these agreements is not dealt with in this Standard but is dealt with in accordance with the requirements for construction contracts as specified in IPSAS 11, 'Construction Contracts'.

Goods includes goods produced by the entity for the purpose of sale, such as publications, and goods purchased for resale, such as merchandise or land and other property held for resale.

The use by others of entity assets gives rise to revenue in the form of:

(a) interest – charges for the use of cash or cash equivalents or amounts due to the entity;
(b) royalties – charges for the use of long-term assets of the entity, for example, patents, trademarks, copyrights and computer software;
(c) dividends or equivalents – distributions of surpluses to holders of equity investments in proportion to their holdings of a particular class of capital.

This Standard does not deal with revenues:

(a) addressed in other IPSAS, including:
    (i) lease agreements (see IPSAS 13, 'Leases');

(ii) dividends arising from investments which are accounted for under the equity method (see IPSAS 7, 'Accounting for Investments in Associates'); and

(iii) gains from the sale of property, plant and equipment (which are dealt with in IPSAS 17, 'Property, Plant and Equipment'), Arising from insurance contracts of insurance entities;

(b) arising from changes in the fair value of financial assets and financial liabilities or their disposal (guidance on accounting for financial instruments can be found in IAS 39, 'Financial Instruments: Recognition and Measurement');

(c) arising from changes in the value of other current assets;

(d) arising from natural increases in herds, and agricultural and forest products;

(e) arising from the extraction of mineral ores.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears below:

- Definitions
  - Revenue
- Measurement of Revenue
- Identification of the Transaction
- Rendering of Services
- Sale of Goods
- Interest, Royalties and Dividends
- Disclosure
- Effective Date
- Appendix
- Comparison with IAS 18

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 10 Financial Reporting in Hyperinflationary Economies

Objective The objective of this IPSAS is to establish specific guidance for entities reporting in the currency of a hyperinflationary economy so that the financial information provided is meaningful.

Scope An entity which prepares and presents financial statements under the accrual basis of accounting should apply this Standard to the primary financial statements, including the consolidated financial statements, of any entity that reports in the currency of a hyperinflationary economy.

This Standard applies to all public sector entities other than GBEs.

In a hyperinflationary economy, reporting of operating results and financial position in the local currency without restatement is not useful. Money loses purchasing power at such a rate that comparison of amounts from transactions and other events that have occurred at different times, even within the same reporting period, is misleading.

This Standard does not establish an absolute rate at which hyperinflation is deemed to arise. It is a matter of judgment when restatement of financial statements in accordance with this Standard becomes necessary. Hyperinflation is indicated by characteristics of the economic environment of a country which include, but are not limited to, the following:

(a) The general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power.
(b) The general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency.
(c) Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short
(d) Interest rates, wages and prices are linked to a price index.
(e) The cumulative inflation rate over three years is approaching, or exceeds, 100 per cent.

It is preferable that all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Nevertheless, this Standard applies to the financial statements of any entity from the beginning of the reporting period in which it identifies the existence of hyperinflation in the country in whose currency it reports.

GBEs are required to comply with IAS issued by the IASC. The Public Sector Committee's Guideline No. 1, 'Financial Reporting by Government Business Enterprises', notes that IAS are relevant to all business enterprises, regardless of whether they are in the private or public sector. Accordingly, Guideline No. 1

recommends that GBEs should present financial statements that conform, in all material respects, to IAS.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears below. (Note that there is no Objective provided.)

- Definitions
- The Restatement of Financial Statements
    - Statement of Financial Position
    - Statement of Financial Performance
    - Surplus or Deficit on Net Monetary Position
    - Cash Flow Statement
    - Corresponding Figures
    - Consolidated Financial Statements
    - Selection and Use of the General Price Index
- Economies Ceasing to be Hyperinflationary
- Disclosures
- Effective Date
- Appendix – Restatement of Financial Statements
- Comparison with IAS 29

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 11 Construction Contracts

Objective The objective of this Standard is to prescribe the accounting treatment of costs and revenue associated with construction contracts. The Standard:

- identifies the arrangements that are to be classified as construction contracts;
- provides guidance on the types of construction contracts that can arise in the public sector; and
- specifies the basis for recognition and disclosure of contract expenses and, if relevant, contract revenues.

Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different reporting periods.

In many jurisdictions, construction contracts entered into by public sector entities will not specify an amount of contract revenue. Rather, funding to support the construction activity will be provided by an appropriation or similar allocation of general government revenue, or by aid or grant funds. In these cases, the primary issue in accounting for construction contracts is the allocation of construction costs to the reporting period in which the construction work is performed and the recognition of related expenses.

In some jurisdictions, construction contracts entered into by public sector entities may be established on a commercial basis or a non-commercial full or partial cost recovery basis. In these cases, the primary issue in accounting for construction contracts is the allocation of both contract revenue and contract costs to the reporting periods in which construction work is performed.

Scope A contractor which prepares and presents financial statements under the accrual basis of accounting should apply this Standard in accounting for construction contracts.

This Standard applies to all public sector entities other than GBEs. GBEs are required to comply with IAS issued by the IASC. The Public Sector Committee's Guideline No. 1, 'Financial Reporting by Government Business Enterprises', notes that IAS are relevant to all business enterprises, regardless of whether they are in the private or public sector. Accordingly, Guideline No. 1 recommends that GBEs should present financial statements that conform, in all material respects, to IAS.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears below:

- Definitions
  - Construction Contracts
  - Contractor
- Combining and Segmenting Construction Contracts
- Contract Revenue
- Contract Costs
- Recognition of Contract Revenue and Expenses
- Recognition of Expected Deficits
- Changes in Estimates
- Disclosure
- Effective Date
- Appendix
- Comparison with IAS 11

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 12 Inventories

Objective The objective of this Standard is to prescribe the accounting treatment for inventories under the historical cost system. A primary issue in accounting for inventories is the amount of cost to be recognised as an asset and carried forward until the related revenues are recognised. This Standard provides practical guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realisable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

Scope An entity which prepares and presents financial statements under the accrual basis of accounting should apply this Standard in the context of the historical cost system in accounting for inventories other than:

(a) work in progress arising under construction contracts, including directly related service contracts (see IPSAS 11, 'Construction Contracts');
(b) financial instruments;
(c) producers' inventories of livestock, agricultural and forest products, and mineral ores to the extent that they are measured at net realisable value in accordance with well-established practices in certain industries;
(d) work in progress of services to be provided for no or nominal consideration directly in return from the recipients.

This Standard applies to all public sector entities other than GBEs. GBEs are required to comply with IAS issued by the IASC. The Public Sector Committee's Guideline No. 1, 'Financial Reporting by Government Business Enterprises', notes that IAS are relevant to all business enterprises, regardless of whether they are in the private or public sector. Accordingly, Guideline No. 1 recommends that GBEs should present financial statements that conform, in all material respects, to IAS.

The inventories referred to in paragraph (c) above may be measured at net realisable value at certain stages of production. This occurs, for example, when agricultural crops have been harvested or mineral ores have been extracted and sale is assured under a forward contract or a government guarantee, or when a homogenous market exists and there is a negligible risk of failure to sell. These inventories are excluded from the scope of this Standard.

The inventories referred to in paragraph (d) previously are not encompassed by IAS 2, 'Inventories', and are excluded from the scope of this Standard because they involve specific public sector issues that require further consideration.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears below:

- Definitions
  - Inventories
- Measurement of Inventories
  - Cost of Inventories
  - Costs of Purchase
  - Costs of Conversion
  - Other Costs
  - Cost of Inventories of a Service Provider
  - Techniques for the Measurement of Cost
  - Cost Formulas
  - Net Realisable Value
  - Distributing Goods at No Charge or for a Nominal Charge
- Recognition as an Expense
- Disclosure
- Effective Date
- Comparison with IAS 2

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 13 Leases

Objective The objective of this Standard is to prescribe, for lessees and lessors, the appropriate accounting policies and disclosures to apply in relation to finance and operating leases.

Scope An entity which prepares and presents financial statements under the accrual basis of accounting should apply this Standard in accounting for all leases other than:

(a) lease agreements to explore for or use natural resources, such as oil, gas, timber, metals and other mineral rights;

(b) licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights.

However, this Standard should not be applied to the measurement by:

(a) lessees of investment property held under finance leases; or
(b) lessors of investment property leased out under operating leases (see IPSAS 16, 'Investment Property').

This Standard applies to all public sector entities other than GBEs.

This Standard applies to agreements that transfer the right to use assets even though substantial services by the lessor may be called for in connection with the operation or maintenance of such assets. On the other hand, this Standard does not apply to agreements that are contracts for services that do not transfer the right to use assets from one contracting party to the other. Public sector entities may enter into complex arrangements for the delivery of services, which may or may not include leases of assets.

This Standard does not apply to lease agreements to explore for or use natural resources such as oil, gas, timber, metals and other mineral rights, and licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights. This is because these types of agreements have the potential to raise complex accounting issues which need to be addressed separately.

This Standard does not apply to investment property. Investment properties are measured by lessors and lessees in accordance with the provisions of IPSAS 16.

GBEs are required to comply with IAS issued by the IASC. The Public Sector Committee's Guideline No. 1, 'Financial Reporting by Government Business Enterprises', notes that IAS are relevant to all business enterprises, regardless of whether they are in the private or public sector. Accordingly, Guideline No. 1 recommends that GBEs should present financial statements that conform, in all material respects, to IAS.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears next:

- Definitions
  - Hire Purchase Contracts
  - Incremental Borrowing Rate of Interest

- Classification of Leases
- Leases and other Contracts
- Leases in the Financial Statements of Lessees
  - Finance Leases
  - Operating Leases
- Leases in the Financial Statements of Lessors
  - Finance Leases
  - Operating Leases
- Sale and Leaseback Transactions
- Transitional Provisions
- Effective Date
- Appendix 1 – Classification of a Lease
- Appendix 2 – Accounting for a Finance Lease by a Lessor
- Appendix 3 – Accounting for a Finance Lease by a Lessee
- Appendix 4 – Sale and Leaseback Transactions that Result in Operating Leases
- Appendix 5 – Calculating the Interest Rate Implicit in a Finance Lease
- Comparison with IAS 17

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 14 Events After the Reporting Date

Objective The objective of this Standard is to prescribe:

(a) when an entity should adjust its financial statements for events after the reporting date;
(b) the disclosures that an entity should give about the date when the financial statements were authorised for issue and about events after the reporting date.

The Standard also requires that an entity should not prepare its financial statements on a going concern basis if events after the reporting date indicate that the going concern assumption is not appropriate.

Scope An entity which prepares and presents financial statements under the accrual basis of accounting should apply this Standard in the accounting for, and disclosure of, events after the reporting date.

This Standard applies to all public sector entities other than GBEs. GBEs are required to comply with IAS issued by the IASC. The Public Sector Committee's Guideline No. 1, 'Financial Reporting by Government Business Enterprises', notes that IAS are relevant to all business enterprises, regardless of whether they are in the private or public sector. Accordingly, Guideline No. 1 recommends that GBEs should present financial statements that conform, in all material respects, to IAS.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears below:

- Definitions
- Authorising the Financial Statements for Issue
- Recognition and Measurement
  - Adjusting Events After the Reporting Date
  - Non-adjusting Events After the Reporting Date
  - Dividends/Distributions
- Going Concern
- Restructuring
- Disclosure
  - Disclosure of Date of Authorisation for Issue
  - Updating Disclosure about Conditions at the Reporting Date
  - Disclosure of Non-adjusting Events after the Reporting Date
- Effective Date
- Comparison with IAS 10

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 15 Financial Instruments: Disclosure and Presentation

Objective The dynamic nature of international financial markets has resulted in the widespread use of a variety of financial instruments ranging from traditional primary instruments, such as bonds, to various forms of derivative instruments, such as interest rate swaps. Public sector entities use a wide range of financial instruments from simple instruments such as payables and receivables to more complex instruments (such as cross-currency swaps to hedge commitments in foreign currencies) in their operations. To a lesser extent, public sector entities may issue equity instruments or compound liability/equity instruments. This may occur where an economic entity includes a partly privatised GBE that issues equity instruments into the financial markets or where a public sector entity issues debt instruments that convert to an ownership interest under certain conditions.

The objective of this Standard is to enhance financial statement users' understanding of the significance of on-balance-sheet and off-balance-sheet financial instruments to a government's or other public sector entity's financial position, performance and cash flows. In this Standard, references to 'balance sheet' in the context of 'on-balance-sheet' and 'off-balance-sheet' have the same meaning as 'statement of financial position'.

The Standard prescribes certain requirements for presentation of on-balance-sheet financial instruments and identifies the information that should be disclosed about both on-balance-sheet (recognised) and off-balance-sheet (unrecognised) financial instruments. The presentation standards deal with the classification of financial instruments between liabilities and net assets/equity, the classification of related interest, dividends, revenues and expenses, and the circumstances in which financial assets and financial liabilities should be offset. The disclosure standards deal with information about factors that affect the amount, timing and certainty of an entity's future cash flows relating to financial instruments and the accounting policies applied to the instruments. In addition, the Standard encourages disclosure of information about the nature and extent of an entity's use of financial instruments, the financial purposes that they serve, the risks associated with them and management's policies for controlling those risks.

Scope An entity which prepares and presents financial statements under the accrual basis of accounting should apply this Standard for the presentation and disclosure of financial instruments.

This Standard applies to all public sector entities other than GBEs. GBEs are required to comply with IAS issued by the IASC. The Public Sector Committee's Guideline No. 1, 'Financial Reporting by Government Business Enterprises', notes that IAS are relevant to all business enterprises, regardless of whether they are in the private or public sector. Accordingly, Guideline No. 1 recommends that GBEs should present financial statements that conform, in all material respects, to IAS.

This Standard should be applied in presenting and disclosing information about all types of financial instruments, both recognised and unrecognised, other than:

(a) interests in controlled entities, as defined in IPSAS 6, 'Consolidated Financial Statements and Accounting for Controlled Entities';
(b) interests in associates, as defined in IPSAS 7, 'Accounting for Investments in Associates';
(c) interests in joint ventures, as defined in IPSAS 8, 'Financial Reporting of Interests in Joint Ventures';
(d) obligations arising under insurance contracts;
(e) employers' and plans' obligations for post-employment benefits of all types, including employee benefit plans;
(f) obligations for payments arising under social benefits provided by an entity for which it receives no consideration, or consideration that is not approximately equal to the fair value of the benefits, directly in return from the recipients of those benefits.

This Standard does not apply to an entity's net assets/equity interests in controlled entities. However, it does apply to all financial instruments included in the consolidated financial statements of a controlling entity, regardless of whether those instruments are held or issued by the controlling entity or by a controlled entity. Similarly, the Standard applies to financial instruments held or issued by a joint venture and included in the financial statements of a venturer either directly or through proportionate consolidation.

Some economic entities in the public sector may include entities that issue insurance contracts. Those entities are within the scope of this Standard. However, this Standard excludes the insurance contracts themselves from its scope. For the purposes of this Standard, an insurance contract is a contract that exposes the insurer to identified risks of loss from events or circumstances occurring or discovered within a specified period, including death (in the case of an annuity, the survival of the annuitant), sickness, disability, property damage, injury to others and interruption of operations. However, the provisions of this Standard apply when a financial instrument takes the form of an insurance contract but principally involves the transfer of financial risks, for example, some types of financial reinsurance and guaranteed investment contracts issued by public sector insurance and other entities. Entities that have obligations under insurance contracts are encouraged to consider the appropriateness of applying the provisions of this Standard in presenting and disclosing information about such obligations.

This Standard does not apply to financial instruments that arise from obligations from employee benefit schemes or obligations of a government to provide social benefits to its citizens for which it receives no consideration, or consideration that is not approximately equal to the fair value of the benefits, directly in return from the recipients of those benefits (such as old age pensions, unemployment benefits, disability benefits and other forms of financial assistance provided by governments).

Additional guidance on the presentation and disclosure of specific types of financial instruments can be found in international and/or national accounting standards. For example, IPSAS 13, 'Leases', contains specific disclosure requirements relating to finance leases.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears below:

- Definitions
- Presentation
  - Liabilities and Net Assets/Equity
  - Classification of Compound Instruments by the Issuer
  - Interest, Dividends, Losses and Gains
  - Offsetting of a Financial Asset and a Financial Liability
- Disclosure
  - Disclosure of Risk Management Policies
  - Terms, Conditions and Accounting Policies
  - Interest Rate Risk
  - Credit Risk
  - Fair Value
  - Financial Assets Carried at an Amount in Excess of Fair Value
  - Hedges of Anticipated Future Transactions
  - Other Disclosures
- Transitional Provision
- Effective Date
- Appendix 1 – Implementation Guide
- Appendix 2 – Examples of the Application of the Standard
- Appendix 3 – Examples of Disclosure Requirements
- Comparison with IAS 32

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 16 Investment Property

Objective The objective of this IPSAS is to prescribe the accounting treatment for investment property and related disclosure requirements.

Scope An entity which prepares and presents financial statements under the accrual basis of accounting should apply this Standard in accounting for investment property.

This Standard applies to all public sector entities other than GBEs.

This Standard deals with accounting for investment property including the measurement in a lessee's financial statements of investment property held under a finance lease and with the measurement in a lessor's financial statements of investment property leased out under an operating lease. This Standard does not deal with matters covered in IPSAS 13, 'Leases', including:

(a) classification of leases as finance leases or operating leases;
(b) recognition of lease revenue earned on investment property (see also IPSAS 9, 'Revenue from Exchange Transactions');
(c) measurement in a lessee's financial statements of property held under an operating lease;
(d) measurement in a lessor's financial statements of property leased out under a finance lease;
(e) accounting for sale and leaseback transactions;
(f) disclosure about finance leases and operating leases.

This Standard does not apply to:

(a) forests and similar regenerative natural resources;
(b) mineral rights, the exploration for and extraction of minerals, oil, natural gas and similar non-regenerative resources.

GBEs are required to comply with IAS issued by the IASC. The Public Sector Committee's Guideline No. 1, 'Financial Reporting by Government Business Enterprises', notes that IAS are relevant to all business enterprises, regardless of whether they are in the private or public sector. Accordingly, Guideline No. 1 recommends that GBEs should present financial statements that conform, in all material respects, to IAS.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears next:

- Definitions
  - Investment Property

- Recognition
- Initial Measurement
- Subsequent Expenditure
- Measurement Subsequent to Initial Recognition
  - Fair Value Model
  - Inability to Measure Fair Value Reliably
  - Cost Model
- Transfers
- Disposals
- Disclosure
  - Fair Value Model and Cost Model
  - Fair Value Model
  - Cost Model
- Transitional Provisions
  - Initial Adoption of Accrual Accounting
  - Fair Value Model
  - Cost Model
- Effective Date
- Appendix – Decision Tree
- Comparison with IAS 40

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 17 Property, Plant and Equipment

Objective The objective of this Standard is to prescribe the accounting treatment for property, plant and equipment. The principal issues in accounting for property, plant and equipment are the timing of recognition of the assets, the determination of their carrying amounts and the depreciation charges to be recognised in relation to them.

Scope An entity which prepares and presents financial statements under the accrual basis of accounting should apply this Standard in accounting for property, plant and equipment, except:

(a) when a different accounting treatment has been adopted in accordance with another IPSAS;
(b) in respect of heritage assets. However, the disclosure requirements apply to those heritage assets that are recognised.

This Standard applies to all public sector entities other than GBEs.

This Standard applies to property, plant and equipment including:

(a) specialist military equipment;
(b) infrastructure assets.

The transitional provisions provide relief from the requirement to recognise all property, plant and equipment during the five-year transitional period.

This Standard does not apply to:

(a) forests and similar regenerative natural resources;
(b) mineral rights, the exploration for and extraction of minerals, oil, natural gas and similar non-regenerative resources.

However, this Standard does apply to property, plant and equipment used to develop or maintain the activities or assets covered in (a) or (b) directly above but which are separable from those activities or assets.

This Standard also does not apply where other IPSAS or, in the absence of an IPSAS, other relevant international guidance, permits the initial recognition of the carrying amount of property, plant and equipment to be determined using an approach different from that prescribed in this Standard. For example, IAS 22, 'Business Combinations', provides guidance on valuing property, plant and equipment when it is acquired in a business combination. However, in such cases all other aspects of the accounting treatment for these assets, including depreciation, are determined by the requirements of this Standard.

This Standard does not deal with certain aspects of the application of a comprehensive system reflecting the effects of changing prices (see IPSAS 10, 'Financial Reporting in Hyperinflationary Economies'). However, entities applying such a system are required to comply with all aspects of this Standard, except for those that deal with the measurement of property, plant and equipment subsequent to its initial recognition.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears next:

- Definitions
- Recognition of Property, Plant and Equipment
  - Infrastructure Assets
- Initial Measurement of Property, Plant and Equipment

  - Components of Cost
  - Exchanges of Assets
- Subsequent Expenditure
- Measurement Subsequent to Initial Recognition
  - Benchmark Treatment
  - Allowed Alternative Treatment
  - Revaluations
  - Depreciation
  - Review of Useful Life
  - Review of Depreciation Method
- Recoverability of the Carrying Amount – Impairment Losses
- Retirements and Disposals
- Disclosure
- Transitional Provisions
- Effective Date
- Appendix – Illustrative Disclosures
- Comparison with IAS 16

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 18 Segment Reporting

Objective The objective of this Standard is to establish principles for reporting financial information by segments. The disclosure of this information will:

(a) help users of the financial statements to better understand the entity's past performance and to identify the resources allocated to support the major activities of the entity;
(b) enhance the transparency of financial reporting and enable the entity to better discharge its accountability obligations.

Scope An entity which prepares and presents financial statements under the accrual basis of accounting should apply this Standard in the presentation of segment information.

This Standard applies to all public sector entities other than GBEs. GBEs are required to comply with IAS issued by the IASC. The Public Sector Committee's Guideline No. 1, 'Financial Reporting by Government Business Enterprises', notes that IAS are relevant to all business enterprises, regardless of whether they are in the private or public sector. Accordingly, Guideline No. 1 recommends that GBEs should present financial statements that conform, in all material respects, to IAS.

This Standard should be applied in complete sets of published financial statements that comply with IPSAS.

A complete set of financial statements includes a statement of financial position, statement of financial performance, cash flow statement, a statement showing changes in net assets/equity, and notes, as provided in IPSAS 1, 'Presentation of Financial Statements'.

If both consolidated financial statements of a government or other economic entity and the separate financial statements of the parent entity are presented together, segment information need be presented only on the basis of the consolidated financial statements.

In some jurisdictions, the consolidated financial statements of the government or other economic entity and the separate financial statements of the controlling entity are compiled and presented together in a single report. Where this occurs, the report which contains the government's or other controlling entity's consolidated financial statements needs to present segment information only for the consolidated financial statements.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears next:

- Definitions
  - Definitions from other IPSAS
- Reporting by Segments
  - Reporting Structures
  - Service Segments and Geographical Segments
  - Multiple Segmentation
  - Reporting Structures Not Appropriate
- Definitions of Segment Revenue, Expense, Assets, Liabilities and Accounting Policies
  - Attributing Items to Segments
  - Segment Assets, Liabilities, Revenue and Expense
- Segment Accounting Policies
- Joint Assets
- Newly Identified Segments
- Disclosure
  - Additional Segment Information

  - Other Disclosure Matters
  - Segment Operating Objectives
- Effective Date
- Appendix 1 – Illustrative Segment Disclosures
- Appendix 2 – Summary of Required Disclosures
- Appendix 3 – Qualitative Characteristics of Financial Reporting
- Comparison with IAS 14

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 19 Provisions, Contingent Liabilities, Contingent Assets

Objective The objective of this Standard is to define provisions, contingent liabilities and contingent assets, identify the circumstances in which provisions should be recognised, how they should be measured and the disclosures that should be made about them. The Standard also requires that certain information be disclosed about contingent liabilities and contingent assets in the notes to the financial statements to enable users to understand their nature, timing and amount.

Scope An entity which prepares and presents financial statements under the accrual basis of accounting should apply this Standard in accounting for provisions, contingent liabilities and contingent assets, except:

(a) those provisions and contingent liabilities arising from social benefits provided by an entity for which it does not receive consideration that is approximately equal to the value of goods and services provided, directly in return from the recipients of those benefits;
(b) those resulting from financial instruments that are carried at fair value;
(c) those resulting from executory contracts, other than where the contract is onerous subject to other provisions of this paragraph;
(d) those arising in insurance entities from contracts with policyholders;
(e) those covered by another IPSAS;
(f) those arising in relation to income taxes or income tax equivalents;
(g) those arising from employee benefits except employee termination benefits that arise as a result of a restructuring as dealt with in this Standard.

This Standard applies to all public sector entities other than GBEs. GBEs are required to comply with IAS issued by the IASC. The Public Sector Committee's Guideline No. 1, 'Financial Reporting by Government Business Enterprises', notes that IAS are relevant to all business enterprises, regardless of whether they are in the private or public sector. Accordingly, Guideline No. 1 recommends that GBEs should present financial statements that conform, in all material respects, to IAS.

This Standard applies to financial instruments (including guarantees) that are not carried at fair value.

This Standard applies to provisions, contingent liabilities and contingent assets of insurance entities other than those arising from contracts with policyholders.

This Standard applies to provisions for restructuring (including discontinuing operations). In some cases, a restructuring may meet the definition of a discontinuing operation. Guidance on disclosing information about discontinuing operations is found in IAS 35, 'Discontinuing Operations'.

Social benefits For the purposes of this Standard 'social benefits' refer to goods, services and other benefits provided in the pursuit of the social policy objectives of a government. These benefits may include:

(a) the delivery of health, education, housing, transport and other social services to the community. In many cases, there is no requirement for the beneficiaries of these services to pay an amount equivalent to the value of these services;
(b) payment of benefits to families, the aged, the disabled, the unemployed, veterans and others. That is, governments at all levels may provide financial assistance to individuals and groups in the community to access services to meet their particular needs, or to supplement their income.

In many cases, obligations to provide social benefits arise as a consequence of a government's commitment to undertake particular activities on an ongoing basis over the long term in order to provide particular goods and services to the community. The need for, and nature and supply of, goods and services to meet social policy obligations will often depend on a range of demographic and social conditions and are difficult to predict. These benefits generally fall within the 'social protection', 'education' and 'health' classifications under the International Monetary Fund's Government Finance Statistics framework and often require an actuarial assessment to determine the amount of any liability arising in respect of them.

For a provision or contingency arising from a social benefit to be excluded from the scope of this Standard, the public sector entity providing the benefit will not receive consideration that is approximately equal to the value of goods and services provided, directly in return from the recipients of the benefit. This exclusion would encompass those circumstances where a charge is levied in respect of the benefit but there is no direct relationship between the charge and the benefit received. The exclusion of these provisions and contingent liabilities from the scope of this Standard reflects the Committee's view that both the determination of what constitutes the 'obligating event' and the measurement of the liability require further consideration before proposed Standards are exposed. For example, the Committee is aware that there are differing views about whether the obligating event occurs when the individual meets the eligibility criteria for the benefit or at some earlier stage. Similarly, there are differing views about whether the amount of any obligation reflects an estimate of the current period's entitlement or the present value of all expected future benefits determined on an actuarial basis.

Where an entity elects to recognise a provision for such obligations, the entity discloses the basis on which the provisions have been recognised and the measurement basis adopted. The entity also makes other disclosures required by this Standard in respect of those provisions. IPSAS 1, 'Presentation of Financial Statements', provides guidance on dealing with matters not specifically dealt with by another IPSAS. IPSAS 1 also includes requirements relating to the selection and disclosure of accounting policies.

In some cases, social benefits may give rise to a liability for which:

(a) there is little or no uncertainty as to amount;
(b) The timing of the obligation is not uncertain.

Accordingly, these are not likely to meet the definition of a provision in this Standard. Where such liabilities for social benefits exist, they are recognised where they satisfy the criteria for recognition as liabilities. An example would be a period-end accrual for an amount owing to the existing beneficiaries in respect of aged or disability pensions that have been approved for payment consistent with the provisions of a contract or legislation.

Other exclusions from the scope of the Standard This Standard does not apply to executory contracts unless they are onerous. Contracts to provide social benefits entered into with the expectation that the entity will not receive consideration that is approximately equal to the value of goods and services provided directly in return from the recipients of those benefits are excluded from the scope of this Standard.

Where another IPSAS deals with a specific type of provision, contingent liability or contingent asset, an entity applies that Standard instead of this Standard. For example, certain types of provisions are also addressed in Standards on:

(a) construction contracts (see IPSAS 11, 'Construction Contracts');
(b) leases (see IPSAS 13, 'Leases'). However, as IPSAS 13 contains no specific requirements to deal with operating leases that have become onerous, this Standard applies to such cases.

This Standard does not apply to provisions for income taxes or income tax equivalents (guidance on accounting for income taxes is found in IAS 12, 'Income Taxes'). Nor does it apply to provisions arising from employee benefits (guidance on accounting for employee benefits is found in IAS 19, 'Employee Benefits').

Some amounts treated as provisions may relate to the recognition of revenue, for example where an entity gives guarantees in exchange for a fee. This Standard does not address the recognition of revenue. IPSAS 9, 'Revenue from Exchange Transactions', identifies the circumstances in which revenue from exchange transactions is recognised and provides practical guidance on the application of the recognition criteria. This Standard does not change the requirements of IPSAS 9.

This Standard defines provisions as liabilities of uncertain timing or amount. In some countries the term 'provision' is also used in the context of items such as depreciation, impairment of assets and doubtful debts: these are adjustments to the carrying amounts of assets and are not addressed in this Standard.

Other IPSAS specify whether expenditures are treated as assets or as expenses. These issues are not addressed in this Standard. Accordingly, this Standard neither prohibits nor requires capitalisation of the costs recognised when a provision is made.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears next:

- Definitions
  - Provisions and other Liabilities

    - Relationship between Provisions and Contingent Liabilities
- Recognition
    - Provisions
    - Present Obligation
    - Past Event
    - Probable Outflow of Resources Embodying Economic Benefits or Service Potential
    - Reliable Estimate of the Obligation
    - Contingent Liabilities
    - Contingent Assets
- Measurement
    - Best Estimate
    - Risk and Uncertainties
    - Present Value
    - Future Events
    - Expected Disposals of Assets
    - Reimbursements
- Changes in Provisions
- Use of Provisions
- Application of the Recognition and Measurement Rules
    - Future Operating Net Deficits
    - Onerous Contracts
    - Restructuring
    - Sale or Transfer of Operations
    - Restructuring Provisions
- Disclosure
- Transitional Provisions
- Effective Date
- Appendix A – Tables: Provisions, Contingent Liabilities, Contingent Assets and Reimbursements
- Appendix B – Decision Tree
- Appendix C – Examples: Recognition
- Appendix D – Examples: Disclosures
- Appendix E – Example: Present Value of a Provision
- Comparison with IAS 37

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 20 Related Party Disclosures

Objective The objective of this Standard is to require the disclosure of the existence of related party relationships where control exists and the disclosure of information about transactions between the entity and its related parties in certain circumstances. This information is required for accountability purposes and to facilitate a better understanding of the financial position and performance of the reporting entity. The principal issues in disclosing information about related parties are identifying which parties control or significantly influence the reporting entity and determining what information should be disclosed about transactions with those parties.

Scope An entity which prepares and presents financial statements under the accrual basis of accounting should apply this Standard in disclosing information about related party relationships and certain transactions with related parties.

This Standard applies to all public sector entities other than GBEs. GBEs are required to comply with IAS issued by the IASC. The Public Sector Committee's Guideline No. 1, 'Financial Reporting by Government Business Enterprises', notes that IAS are relevant to all business enterprises, regardless of whether they are in the private or public sector. Accordingly, Guideline No. 1 recommends that GBEs should present financial statements that conform, in all material respects, to IAS.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears next:

- Definitions
  - Close Member of the Family of an Individual
  - Key Management Personnel
  - Related Parties
  - Remuneration of Key Management Personnel
  - Voting Power
- The Related Party Issue
  - Remuneration of Key Management Personnel
- Materiality
- Disclosure
  - Disclosure of Control
  - Disclosure of Related Party Transactions

  - Disclosure – Key Management Personnel
- Effective Date
- Appendix – Examples of Application of the Standard
- Comparison with IAS 24

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 21 Impairment of Non-cash-generating Assets

Objective The objective of this Standard is to prescribe the procedures that an entity applies to determine whether a non-cash-generating asset is impaired and to ensure that impairment losses are recognised. The Standard also specifies when an entity would reverse an impairment loss and prescribes disclosures.

Scope An entity which prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for impairment of non-cash-generating assets, except:

(a) inventories (see IPSAS 12, 'Inventories');
(b) assets arising from construction contracts (see IPSAS 11, 'Construction Contracts');
(c) financial assets that are included in the scope of IPSAS 15, 'Financial Instruments: Disclosure and Presentation';
(d) investment property that is measured using the fair value model (see IPSAS 16, 'Investment Property');
(e) non-cash-generating property, plant and equipment that is measured at re-valued amounts (see IPSAS 17, 'Property, Plant and Equipment');
(f) other assets in respect of which accounting requirements for impairment are included in another IPSAS.

This Standard applies to all public sector entities other than GBEs.

Public sector entities that hold cash-generating assets, as defined, shall apply IAS 36, 'Impairment of Assets', to such assets. Public sector entities that hold non-cash-generating assets shall apply the requirements of this Standard to non-cash-generating assets.

This Standard excludes from its scope the impairment of assets that are dealt with in another IPSAS. GBEs apply IAS 36 and therefore are not subject to the provisions of this Standard. Public sector entities other than GBEs apply IAS 36 to their cash-generating assets and apply this Standard to their non-cash-generating assets. The following paragraphs explain the scope of the Standard in greater detail.

This Standard includes non-cash-generating intangible assets within its scope. Entities apply the requirements of this Standard to recognising and measuring impairment losses, and reversals of impairment losses, related to non-cash-generating intangible assets.

This Standard does not apply to inventories and assets arising from construction contracts because existing IPSAS applicable to these assets contain requirements for recognising and measuring these assets.

This Standard does not apply to financial assets that are included in the scope of IPSAS 15, 'Financial Instruments: Disclosure and Presentation'. Impairment of these assets will be dealt with in any IPSAS that the IPSASB develops on the basis of IAS 39, 'Financial Instruments: Recognition and Measurement' to deal with the recognition and measurement of financial instruments.

This Standard does not require the application of an impairment test to an investment property that is carried at fair value in accordance with IPSAS 16, 'Investment Property'. This is because under the fair value model in IPSAS 16, an investment property is carried at fair value at the reporting date and any impairment will be taken into account in the valuation.

This Standard does not require the application of an impairment test to non-cash-generating assets that are carried at re-valued amounts under the allowed alternative treatment in IPSAS 17, 'Property, Plant and Equipment'. This is because under the allowed alternative treatment in IPSAS 17, assets will be re-valued with sufficient regularity to ensure that they are carried at an amount that is not materially different from their fair value at the reporting date and any impairment will be taken into account in the valuation. In addition, the approach adopted in this Standard to measuring an asset's recoverable service amount means that it is unlikely that the recoverable service amount of an asset will be materially less than an asset's re-valued amount and that any such differences would relate to the costs of disposal of the asset.

Consistent with the requirements of preceding text, items of property, plant and equipment that are classified as cash-generating assets including those that are carried at re-valued amounts under the allowed alternative treatment in IPSAS 17, are dealt with under IAS 36.

Investments in:

(a) controlled entities, as defined in IPSAS 6, 'Consolidated Financial Statements and Accounting for Controlled Entities';
(b) associates, as defined in IPSAS 7, 'Accounting for Investments in Associates';
(c) joint ventures, as defined in IPSAS 8, 'Financial Reporting of Interests in Joint Ventures'; are financial assets that are excluded from the scope of IPSAS 15. Where such investments are classified as cash-generating assets, they are dealt with under IAS 36. Where these assets are non-cash-generating assets, they are dealt with under this Standard.

The 'Preface to International Financial Reporting Standards' issued by the IASB explains that IFRS are designed to apply to the general purpose financial statements of all profit-oriented entities. GBEs are defined as profit-oriented entities. Accordingly, they are required to comply with IFRS.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears below:

- Definitions
  - Government Business Enterprises
  - Cash-Generating Assets
- Depreciation
- Impairment
- Identifying an Asset that may be Impaired
- Measuring Recoverable Service Amount
  - Fair value less Costs to Sell
  - Value in Use
    - Depreciated Replacement Cost Approach
    - Restoration Cost Approach
    - Service Units Approach
    - Application of Approaches
- Recognising and Measuring an Impairment Loss
- Reversing an Impairment Loss
- Redesignation of Assets
- Disclosure
- Transitional Provisions
- Effective Date
- Appendices

- A. Indications of Impairment – Examples
- B. Measurement of Impairment Loss – Examples
- C. Basis for Conclusions
- Comparison with IAS 36 (2004)

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 22 Disclosure of Financial Information about the General Government Sector

Objective The objective of this Standard is to prescribe disclosure requirements for governments which elect to present information about the general government sector (GGS) in their consolidated financial statements. The disclosure of appropriate information about the GGS of a government can enhance the transparency of financial reports, and provide for a better understanding of the relationship between the market and non-market activities of the government and between financial statements and statistical bases of financial reporting.

Scope A government that prepares and presents consolidated financial statements under the accrual basis of accounting and elects to disclose financial information about the GGS shall do so in accordance with the requirements of this Standard.

Governments raise funds from taxes, transfers and a range of non-market and market activities to fund their service delivery activities. They operate through a variety of entities to provide goods and services to their constituents. Some entities rely primarily on appropriations or allocations from taxes or other government revenues to fund their service delivery activities, but may also undertake additional revenue generating activities including commercial activities in some cases. Other entities may generate their funds primarily or substantially from commercial activities. These include GBEs as defined in this Standard.

Financial statements for a government prepared in accordance with IPSAS provide an overview of the assets controlled and liabilities incurred by the government, the cost of services provided by the government and the taxation and other revenues generated to fund the provision of those services. Financial statements for a government, which delivers services through controlled entities, whether primarily dependent on the government budget to fund their activities or not, are consolidated financial statements.

In some jurisdictions, financial statements and budgets for the government, or sectors thereof, may also be issued in accordance with statistical bases of financial reporting. These bases reflect requirements consistent with, and derived from, the System of National Accounts 1993 (SNA 93) prepared by the United Nations and other international organisations. These statistical bases of financial reporting focus on the provision of financial information about the GGS. The GGS comprises those non-profit entities which undertake non-market activities and rely primarily on appropriations or allocations from the government budget to fund their service delivery activities (hereafter referred to as non-market entities or activities). The statistical bases of financial reporting may also provide information about the corporations sector of government which primarily engages in market activities (usually characterised as the public financial corporations (PFC) sector and the public non-financial corporations (PNFC) sector and the public sector as a whole. The major features of the PFC and PNFC sectors are outlined in this Standard.

Financial statements consolidate only controlled entities. Such a limitation is not made in statistical bases of financial reporting. In some jurisdictions a national government controls state/provincial and local government entities, and therefore its financial statements consolidate those levels of government, but in other jurisdictions they do not. In all jurisdictions, under statistical bases of financial reporting, the GGS of all levels of government are combined, so in some jurisdictions the GGS will include units that financial statements do not consolidate. This Standard disaggregates the consolidated financial statements of a government. Therefore, it prohibits the presentation, as part of the GGS, of any entity not consolidated within a government's financial statements.

Segment reporting IPSAS 18, 'Segment Reporting', requires the disclosure of certain information about the service delivery activities of the entity and the resources allocated to support those activities for accountability and decision-making purposes. Unlike the sectors reported under statistical bases of financial reporting, segments reported in accordance with IPSAS 18 are not based on a distinction between market and non-market activities.

The disclosure of information about the GGS does not replace the need to make disclosures about segments in accordance with IPSAS 18. This is because information about the GGS alone will not provide sufficient detail to enable users to evaluate the entity's past performance in achieving major service delivery objectives, when those objectives are achieved through non- GGS entities. For example, identifying the GGS as a segment will not provide information about a government's performance in achieving its telecommunication, healthcare or educational objectives where government corporations or quasi-corporations deliver services related to those objectives. Because the GGS is only a subset of the government as a whole, important information would be omitted if a government did not present segment information in respect of its consolidated financial statements.

Statistical bases of financial reporting The objectives of financial statements prepared in accordance with IPSAS and those prepared in accordance with statistical bases of financial reporting differ in some respects. The objectives of financial statements prepared in accordance with IPSAS are to provide information useful for decision making and to demonstrate the accountability of the entity for the resources entrusted to it and which it controls. The purpose of financial statements prepared in accordance with statistical bases of financial reporting is to provide information suitable for analysing and evaluating fiscal policy, especially the performance of the GGS and the broader public sector of any country. In addition, although statistical bases of financial reporting may be described in accounting terms, they might differ in important ways from the underlying financial accounting system from which most of the statistics about government finances will be derived. However, the IPSAS and the statistical bases of financial reporting also have many similarities in the treatment of transactions and events. For example, they adopt an accrual basis of accounting, deal with similar transactions and events, and in some respects require a similar type of report structure.

In some jurisdictions, the disclosure of appropriate information about the GGS in financial statements can support and enhance the decision making of, and accountability to, users of those statements. For example, disclosure of information about the GGS is consistent with enhanced transparency of financial reporting and will assist users of the financial statements to better understand:

(a) the resources allocated to support the service delivery activities by the GGS, and the government's financial performance in delivering those services;
(b) the relationship between the GGS and the corporations sectors, and the impact each has on overall financial performance.

In those jurisdictions where financial statements for the government are prepared in accordance with statistical bases of financial reporting and widely published, the disclosure of information about the GGS in financial statements will form a useful link between the financial statements prepared in accordance with IPSAS and those prepared in accordance with statistical bases of financial reporting. This will assist users in reconciling information presented in financial statements to information presented in statistical reports. IPSAS 24, 'Presentation of Budget Information in Financial Statements', requires that financial statements include a comparison of budget and actual amounts on a basis consistent with that adopted for the budget. Where government budgets are prepared for the GGS rather than the government as a whole, financial information about the GGS disclosed in accordance with this Standard will be relevant to the comparisons required by that IPSAS.

Accounting policies IPSAS 3, 'Accounting Policies, Changes in Accounting Estimates and Errors', requires the development of accounting policies to ensure that the financial statements provide information that meets a number of qualitative characteristics. The compilation and presentation of GGS data which satisfy the qualitative characteristics of information provided in financial statements and related audit requirements may add significantly to the workload of preparers and auditors in many jurisdictions, and may increase the complexity of the financial statements. This will be particularly so in jurisdictions where financial statements based on, or incorporating, GGS disclosures in accordance with statistical bases of financial reporting are not currently prepared. In addition, in some jurisdictions users may not be dependent on financial statements for information about the GGS. In those jurisdictions, the costs involved in preparing and presenting GGS disclosures as part of the financial statements may be greater than their benefit. Therefore, this Standard allows, but does not require, the disclosure of information about the GGS. Whether or not disclosure of information about the GGS will be made in financial statements will be determined by the government or other appropriate authority in each jurisdiction.

This Standard requires that when disclosures about the GGS are made in financial statements, those disclosures are to be made in accordance with the requirements prescribed in this Standard. This will ensure that an appropriate representation of the GGS is made in the financial statements and that disclosures about the GGS satisfy the qualitative characteristics of financial information, including understandability, relevance, reliability and comparability.

IPSAS generally apply to all public sector entities. However, it is only possible to disclose a meaningful representation of the GGS for a government–not its individual controlled entities. Therefore, this Standard specifies requirements for application only by governments which prepare consolidated financial statements under the accrual basis of accounting as prescribed by IPSAS. These governments may include national, state/provincial and local governments.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears below:

- Definitions
  - Government Business Enterprises
  - General Government Sector
    - Public Financial Corporations Sector
    - Public Non-Financial Corporations Sector
- Accounting Policies
  - Further Disaggregation
- Disclosures
    - Reconciliation to the Consolidated Financial Statements
    - Reconciliation to Statistical Bases of Financial Reporting
- Effective Date
- Appendix: Amendments to Other International Public Sector Accounting Standards Implementation Guidance – Illustrative Financial Statement Structure Basis for Conclusions

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 23 Revenue from Non-Exchange Transactions (Taxes and Transfers)

Objective The objective of this Standard is to prescribe requirements for the financial reporting of revenue arising from non-exchange transactions, other than non-exchange transactions that give rise to an entity combination. The Standard deals with issues that need to be considered in recognising and measuring revenue from non-exchange transactions including the identification of contributions from owners.

Scope An entity which prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for revenue from non-exchange transactions. This Standard does not apply to an entity combination that is a non-exchange transaction.

This Standard applies to all public sector entities other than GBEs.

This Standard addresses revenue arising from non-exchange transactions. Revenue arising from exchange transactions is addressed in IPSAS 9, 'Revenue from Exchange Transactions'. While revenues received by public sector entities arise from both exchange and non-exchange transactions, the majority of revenue of governments and other public sector entities is typically derived from non-exchange transactions such as:

(a) taxes;
(b) transfers (whether cash or non-cash), including grants, debt forgiveness, fines, bequests, gifts, donations, and goods and services in kind.

Governments may reorganise the public sector, merging some public sector entities and dividing other entities into two or more separate entities. An entity combination occurs when two or more reporting entities are brought together to form one reporting entity. These restructurings do not ordinarily involve one entity purchasing another entity, but may result in a new or existing entity acquiring all the assets and liabilities of another entity. The IPSASB has not addressed entity combinations and has excluded them from the scope of this Standard. Therefore, this Standard does not specify whether an entity combination, which is a non-exchange transaction, will give rise to revenue or not.

Government Business Enterprises The 'Preface to International Public Sector Accounting Standards' issued by the IPSASB explains that IFRS are designed to apply to the general purpose financial statements of all profit-oriented entities. GBEs are profit-oriented entities and accordingly are required to comply with IFRS.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears next:

- Definitions
  - Non-Exchange Transactions
  - Revenue
  - Stipulations
  - Conditions on Transferred Assets
  - Restrictions on Transferred Assets
  - Substance over Form
  - Taxes
- Analysis of the Initial Inflow of Resources from Non-Exchange Transactions
- Recognition of Assets
  - Control of an Asset
  - Past Event

    - Probable Inflow of Resources
    - Contingent Assets
    - Contributions from Owners
    - Exchange and Non-Exchange Components of a Transaction
    - Measurement of Assets on Initial Recognition
- Recognition of Revenue from Non-Exchange Transactions
- Measurement of Revenue from Non-Exchange Transactions
- Present Obligations Recognised as Liabilities
    - Present Obligation
    - Conditions on a Transferred Asset
    - Measurement of Liabilities on Initial Recognition
- Taxes
    - The Taxable Event
    - Advance Receipts of Taxes
    - Measurement of Assets Arising from Taxation Transactions
    - Expenses Paid Through the Tax System and Tax Expenditures
- Transfers
    - Measurement of Transferred Assets
    - Debt Forgiveness and Assumption of Liabilities
    - Fines
    - Bequests
    - Gifts and Donations, including Goods In-kind
    - Services In Kind
    - Pledges
    - Advance Receipts of Transfers
- Disclosures
- Transitional Provisions
- Effective Date
- Appendix – Amendments to Other IPSAS
- Implementation Guidance: Examples
- Basis for Conclusions

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 24 Presentation of Budget Information in Financial Statements

Objective This Standard requires a comparison of budget amounts and the actual amounts arising from execution of the budget to be included in the financial statements of entities which are required to, or elect to, make publicly available their approved budget(s) and for which they are, therefore, held publicly accountable. The Standard also requires disclosure of an explanation of the reasons for material differences between the budget and actual amounts. Compliance with the requirements of this Standard will ensure that public sector entities discharge their accountability obligations and enhance the transparency of their financial statements by demonstrating compliance with the approved budget(s) for which they are held publicly accountable and, where the budget(s) and the financial statements are prepared on the same basis, their financial performance in achieving the budgeted results.

Scope An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard.

This Standard applies to public sector entities, other than GBEs, that are required or elect to make publicly available their approved budget(s).

This Standard does not require approved budgets to be made publicly available, nor does it require that the financial statements disclose information about, or make comparisons with, approved budgets which are not made publicly available.

In some cases, approved budgets will be compiled to encompass all the activities controlled by a public sector entity. In other cases, separate approved budgets may be required to be made publicly available for certain activities, groups of activities or entities included in the financial statements of a government or other public sector entity. This may occur where, for example, a government's financial statements encompass government agencies or programmes that have operational autonomy and prepare their own budgets, or where a budget is prepared only for the general government sector of the whole of government. This Standard applies to all entities which present financial statements when approved budgets for the entity, or components thereof, are made publicly available.

The 'Preface to International Public Sector Accounting Standards' issued by the IPSASB explains that GBEs apply IFRS which are issued by the IASB. GBEs are defined in IPSAS 1, 'Presentation of Financial Statements'.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears next:

- Definitions
  - Approved Budgets

    - Original and Final Budget
    - Actual Amounts
- Presentation of a Comparison of Budget and Actual Amounts
    - Presentation and Disclosure
    - Level of Aggregation
    - Changes from Original to Final Budget
    - Comparable Basis
    - Multi-year Budgets
- Note Disclosures of Budgetary Basis, Period and Scope
- Reconciliation of Actual Amounts on a Comparable Basis and Actual Amounts in the Financial Statements
- Effective Date
- Implementation Guidance – Illustrative Examples
- Basis for Conclusions

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 25 Employee Benefits

Objective The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. The Standard requires an entity to recognise:

(a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future;
(b) an expense when the entity consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

Scope This Standard shall be applied by an employer in accounting for all employee benefits, except share-based transactions (see the relevant international or national accounting standard dealing with share-based transactions).

This Standard does not deal with reporting by employee retirement benefit plans (see the relevant international or national accounting standard dealing with employee retirement benefit plans). This Standard does not deal with benefits provided by composite social security programmes that are not consideration in exchange for service rendered by employees or past employees of public sector entities.

The employee benefits to which this Standard applies include those provided:

(a) under formal plans or other formal agreements between an entity and individual employees, groups of employees or their representatives;
(b) under legislative requirements, or through industry arrangements, whereby entities are required to contribute to national, state, industry, or other multi-employer plans or where entities are required to contribute to the composite social security programme; or
(c) by those informal practices that give rise to a constructive obligation. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

Employee benefits include:

(a) short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees;
(b) post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care;
(c) other long-term employee benefits, which may include long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within 12 months after the end of the period, profit sharing, bonuses and deferred compensation;
(d) termination benefits. Because each category identified in (a) – (c) above has different characteristics, this Standard establishes separate requirements for each category.

Employee benefits include benefits provided to either employees or their dependants and may be settled by payments (or the provision of goods or services) made either directly to the employees, to their spouses, children or other dependants or to others, such as insurance companies.

An employee may provide services to an entity on a full-time, part-time, permanent, casual or temporary basis. For the purpose of this Standard, employees include key management personnel as defined in IPSAS 20, 'Related Party Disclosures'.

This Standard applies to all public sector entities other than GBEs.

The 'Preface to International Financial Reporting Standards' issued by the IASB explains that IFRS are designed to apply to the general purpose financial statements of all profit-oriented entities. GBEs are profit-oriented entities. Accordingly, they are required to comply with IFRS.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears below:

- Definitions
- Short-Term Employee Benefits
  - Recognition and Measurement
    - All Short-Term Employee Benefits
    - Short-Term Compensated Absences
    - Bonus Payments and Profit-Sharing Payments
  - Disclosure
- Post-Employment Benefits: Distinction between Defined Contribution Plans and Defined Benefit Plans
  - Multi-Employer Plans
  - Defined Benefit Plans where the Participating Entities are under Common Control
  - State Plans
  - Composite Social Security Programmes
  - Insured Benefits
- Post-Employment Benefits: Defined Contribution Plans
  - Recognition and Measurement
  - Disclosure
- Post-Employment Benefits: Defined Benefit Plans
  - Recognition and Measurement
    - Accounting for the Constructive Obligation
    - Statement of Financial Position
    - Statement of Financial Performance
  - Recognition and Measurement: Present Value of Defined Benefit Obligations and Current Service Cost
    - Actuarial Valuation Method
    - Attributing Benefit to Periods of Service
    - Actuarial Assumptions
    - Actuarial Assumptions: Discount Rate
    - Actuarial Assumptions: Salaries, Benefits and Medical Costs

    - Actuarial Gains and Losses
    - Past Service Cost
  - Recognition and Measurement: Plan Assets
    - Fair Value of Plan Assets
    - Reimbursements
    - Return on Plan Assets
  - Entity Combinations
  - Curtailments and Settlements
  - Presentation
    - Offset
    - Current/Non-Current Distinction
    - Financial Components of Post-Employment Benefit Costs ...
  - Disclosure
- Other Long-Term Employee Benefits
  - Recognition and Measurement
  - Disclosure
- Termination Benefits
  - Recognition
  - Measurement
  - Disclosure
- First-Time Adoption of this Standard
- Effective Date
- Application Guidance
- Implementation Guidance
- A: Illustrative Example: Funded Defined Benefit Plan
- B: Illustrative Disclosures
- C: Illustration of the Application of Paragraph 70
- Basis for Conclusions
- Comparison with IAS 19

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 26 Impairment of Cash-Generating Assets

Objective The objective of this Standard is to prescribe the procedures that an entity applies to determine whether a cash-generating asset is impaired and to ensure that impairment losses are recognised. This Standard also specifies when an entity should reverse an impairment loss and prescribes disclosures.

Scope An entity which prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for the impairment of cash-generating assets, except for:

(a) inventories (see IPSAS 12, 'Inventories');
(b) assets arising from construction contracts (see IPSAS 11, 'Construction Contracts');
(c) financial assets that are within the scope of IPSAS 15, 'Financial Instruments: Disclosure and Presentation';
(d) investment property that is measured at fair value (see IPSAS 16, 'Investment Property');
(e) cash-generating property, plant and equipment that is measured at re-valued amounts (see IPSAS 17, 'Property, Plant and Equipment');
(f) deferred tax assets (see the relevant international or national accounting standard dealing with deferred tax assets);
(g) assets arising from employee benefits (see IPSAS 25, 'Employee Benefits');
(h) intangible assets that are regularly re-valued to fair value;
(i) goodwill;
(j) biological assets related to agricultural activity that are measured at fair value less estimated point-of-sale costs (see the relevant international or national accounting standard dealing with agricultural assets);
(k) deferred acquisition costs, and intangible assets, arising from an insurer's contractual rights under insurance contracts within the scope of the relevant international or national accounting standard dealing with insurance contracts;
(l) non-current assets (or disposal groups) classified as held for sale that are measured at the lower of carrying amount and fair value less costs to sell in accordance with the relevant international or national accounting standard dealing with non-current assets held for sale and discontinued operations;
(m) other cash-generating assets in respect of which accounting requirements for impairment are included in another IPSAS.

This Standard applies to all public sector entities other than GBEs.

GBEs apply IAS 36, 'Impairment of Assets', and therefore are not subject to the provisions of this Standard. Public sector entities, other than GBEs, that hold non-cash- generating assets as defined in paragraph 13 apply IPSAS 21, 'Impairment of Non-Cash-Generating Assets', to such assets. Public sector entities, other than GBEs, that hold cash-generating assets apply the requirements of this Standard.

This Standard excludes cash-generating intangible assets that are regularly re-valued to fair value from its scope. This Standard includes all other cash-generating intangible assets (for example, those that are carried at cost less any accumulated amortisation) within its scope.

This Standard excludes goodwill from its scope. Entities apply the requirements of the relevant international or national accounting standards dealing with the impairment of goodwill, the allocation of goodwill to cash-generating units and the testing for impairment of cash-generating units with goodwill.

This Standard does not apply to inventories and cash-generating assets arising from construction contracts, because existing Standards applicable to these assets contain requirements for recognising and measuring such assets. This Standard does not apply to deferred tax assets, assets related to employee benefits, or deferred acquisition costs and intangible assets arising from an insurer's contractual rights under insurance contracts. The impairment of such assets is addressed in the relevant international or national accounting standards. In addition, this Standard does not apply to biological assets related to agricultural activity that are measured at fair value less certain point-of-sale costs and non-current assets (or disposal groups) classified as held for sale that are measured at the lower of carrying amount and fair value less costs to sell. The relevant international or national accounting standards dealing with such assets contain measurement requirements.

This Standard does not apply to any financial assets that are included in the scope of IPSAS 15. Impairment of these assets will be dealt with in any IPSAS that the IPSASB develops to deal with the recognition and measurement of financial instruments.

This Standard does not require the application of an impairment test to an investment property that is carried at fair value in accordance with IPSAS 16. Under the fair value model in IPSAS 16, an investment property is carried at fair value at the reporting date and any impairment will be taken into account in the valuation.

This Standard does not require the application of an impairment test to cash-generating assets that are carried at re-valued amounts under the re-valuation model in IPSAS 17. Under the re-valuation model in IPSAS 17, assets will be re-valued with sufficient regularity to ensure that they are carried at an amount that is not materially different from their fair value at the reporting date and any impairment will be taken into account in that valuation.

Investments in:

(a) controlled entities, as defined in IPSAS 6, 'Consolidated and Separate Financial Statements';
(b) associates, as defined in IPSAS 7, 'Investments in Associates';
(c) joint ventures, as defined in IPSAS 8, 'Interests in Joint Ventures', are financial assets that are excluded from the scope of IPSAS 15. Where such investments are in the nature of cash-generating assets, they are dealt with under this Standard. Where these assets are in the nature of non-cash-generating assets, they are dealt with under IPSAS 21.

The 'Preface to International Public Sector Accounting Standards' issued by the IPSASB explains that IFRS are designed to apply to the general purpose financial statements of all profit-oriented entities. GBEs are profit-oriented entities and accordingly are required to comply with IFRS.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears next:

- Definitions
  - Cash-Generating Assets
  - Depreciation
  - Impairment
- Identifying an Asset that may be Impaired
- Measuring Recoverable Amount
  - Measuring the Recoverable Amount of an Intangible Asset with an Indefinite Useful Life
  - Fair Value less Costs to Sell
  - Value in Use
  - Basis for Estimates of Future Cash Flows
  - Composition of Estimates of Future Cash Flows
  - Foreign Currency Future Cash Flows
  - Discount Rate
- Recognising and Measuring an Impairment Loss of an Individual Asset
- Cash-Generating Units
  - Identifying the Cash-Generating Unit to Which as Asset Belongs
  - Recoverable Amount and Carrying Amount of a Cash-Generating Unit
  - Impairment Loss for a Cash-Generating Unit
- Reversing an Impairment Loss

  - Reversing an Impairment Loss for an Individual Asset
  - Reversing an Impairment Loss for a Cash-Generating Unit
- Redesignation of Assets
- Disclosure
- Disclosure of Estimates used to Measure Recoverable Amounts of Cash-Generating Units Containing Intangible Assets with Indefinite Useful Lives
- Effective Date
- Appendices
  - A: Using Present Value Techniques to Measure Value in Use
  - B: Individual Assets in Cash-Generating Units
  - C: Amendments to Other International Public Sector Accounting Standards
- Implementation Guidance
- Basis for Conclusions
- Comparison With IAS 36 (2004)

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 27 Agriculture

Objective The objective of this Standard is to prescribe the accounting treatment and disclosures for agricultural activity.

Scope An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard for the following when they relate to agricultural activity:

(a) biological assets;
(b) agricultural produce at the point of harvest.

This Standard does not apply to:

(a) land related to agricultural activity (see IPSAS 16, 'Investment Property', and IPSAS 17, 'Property, Plant and Equipment');
(b) intangible assets related to agricultural activity (see the relevant international or national accounting standard dealing with intangible assets);
(c) biological assets held for the provision or supply of services.

Biological assets are used in many activities undertaken by public sector entities. When biological assets are used for research, education, transportation, entertainment, recreation, customs control or in any other activities that are not agricultural activities as defined in this Standard, those biological assets are not accounted for in accordance with this Standard. Where those biological assets meet the definition of an asset, other IPSASs should be considered in determining the appropriate accounting (e.g., IPSAS 12, 'Inventories', and IPSAS 17).

This Standard is applied to agricultural produce, which is the harvested product of the entity's biological assets, only at the point of harvest. Thereafter, IPSAS 12, or another applicable Standard, is applied. Accordingly, this Standard does not deal with the processing of agricultural produce after harvest; for example, the processing of grapes into wine by a vintner who has grown the grapes. While such processing may be a logical and natural extension of agricultural activity, and the events taking place may bear some similarity to biological transformation, such processing is not included within the definition of agricultural activity in this Standard.

Table 2.2 provides examples of biological assets, agricultural produce and products that are the result of processing after harvest.

This Standard applies to all public sector entities other than GBEs.

The 'Preface to International Public Sector Accounting Standards' issued by the IPSASB explains that GBEs apply IFRS, which are issued by the IASB.

TABLE 2.2 Examples of products that are the result of processing after harvest.

Biological assets	Agricultural produce	Products that are the result of processing after harvest
Sheep	Wool	Yarn, carpet
Trees in a plantation forest	Felled trees	Logs, lumber
Plants	Cotton	Thread, clothing
	Harvested cane	Sugar
Dairy cattle	Milk	Cheese
Pigs	Carcass	Sausages, cured hams
Bushes	Leaf	Tea, cured tobacco
Vines	Grapes	Wine
Fruit trees	Picked fruit	Processed fruit

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears below:

- Definitions
  - Agriculture-related Definitions
  - General Definitions
- Recognition and Measurement
  - Gains and Losses
  - Inability to Measure Fair Value Reliably
- Disclosure
  - General
  - Additional Disclosures for Biological Assets Where Fair Value Cannot be Measured Reliably
- Transitional Provisions
  - Initial Adoption of Accrual Accounting
- Effective Date
- Appendix – Amendments to Other IPSAS
- Basis for Conclusions
- Illustrative Examples
- Comparison with IAS 41

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 28 Financial Instruments: Presentation

Objective The objective of this Standard is to establish principles for presenting financial instruments as liabilities or net assets/equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends or similar distributions, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

The principles in this Standard complement the principles for recognising and measuring financial assets and financial liabilities in IPSAS 29, 'Financial Instruments: Recognition and Measurement', and for disclosing information about them in IPSAS 30, 'Financial Instruments: Disclosures'.

Scope An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard to all types of financial instruments except:

(a) those interests in controlled entities, associates or joint ventures that are accounted for in accordance with IPSAS 6, 'Consolidated and Separate Financial Statements', IPSAS 7, 'Investments in Associates', or IPSAS 8, 'Interests in Joint Ventures'. However, in some cases, IPSAS 6, IPSAS 7 or IPSAS 8 permits an entity to account for an interest in a controlled entity, associate or joint venture using IPSAS 29; in those cases, entities shall apply the requirements of this Standard. Entities shall also apply this Standard to all derivatives linked to interests in controlled entities, associates or joint ventures;

(b) employers' rights and obligations under employee benefit plans, to which IPSAS 25, 'Employee Benefits', applies;

(c) obligations arising from insurance contracts. However, this Standard applies to:
   (i) derivatives that are embedded in insurance contracts if IPSAS 29 requires the entity to account for them separately;
   (ii) financial guarantee contracts, if the issuer applies IPSAS 29 in recognising and measuring the contracts, but shall apply the relevant international or national accounting standard dealing with insurance contracts if the issuer elects to apply that standard in recognising and measuring them.

   In addition to (i) and (ii) above, an entity may apply this Standard to insurance contracts which involve the transfer of financial risk.

(d) financial instruments that are within the scope of the international or national accounting standard dealing with insurance contracts because they contain a discretionary participation feature. The issuer of these instruments is exempt from applying to these features paragraphs of this Standard regarding the distinction between financial liabilities and equity instruments. However, these instruments are subject to all other requirements of this Standard. Furthermore, this Standard applies to derivatives that are embedded in these instruments (see IPSAS 29);

(e) financial instruments, contracts and obligations under share-based payment transactions to which the relevant international or national accounting standard dealing with share-based payments applies, except for:
   (i) contracts within the scope of this Standard, to which this Standard applies; or

(ii) particular paragraphs of this Standard, which shall be applied to treasury shares purchased, sold, issued or cancelled in connection with employee share option plans, employee share purchase plans, and all other share-based payment arrangements.

This Standard shall be applied to those contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements.

There are various ways in which a contract to buy or sell a non-financial item can be settled net in cash or another financial instrument or by exchanging financial instruments. These include:

(a) when the terms of the contract permit either party to settle it net in cash or another financial instrument or by exchanging financial instruments;
(b) when the ability to settle net in cash or another financial instrument, or by exchanging financial instruments, is not explicit in the terms of the contract, but the entity has a practice of settling similar contracts net in cash or another financial instrument, or by exchanging financial instruments (whether with the counterparty, by entering into offsetting contracts or by selling the contract before its exercise or lapse);
(c) when, for similar contracts, the entity has a practice of taking delivery of the underlying and selling it within a short period after delivery for the purpose of generating a profit from short-term fluctuations in price or dealer's margin;
(d) when the non-financial item that is the subject of the contract is readily convertible to cash.

A contract to which (b) or (c) above applies is not entered into for the purpose of the receipt or delivery of the non-financial item in accordance with the entity's expected purchase, sale, or usage requirements, and, accordingly, is within the scope of this Standard. Other contracts to which paragraph 4 applies are evaluated to determine whether they were entered into and continue to be held for the purpose of the receipt or delivery of the non-financial item in accordance with the entity's expected purchase, sale, or usage requirement, and accordingly, whether they are within the scope of this Standard.

A written option to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, in accordance with paragraph (a) or (d) immediately mentioned previously is within the scope of this Standard. Such a contract cannot be entered into for the purpose of the receipt or delivery of the non-financial item in accordance with the entity's expected purchase, sale, or usage requirements.

This Standard applies to all public sector entities other than GBEs.

The 'Preface to International Public Sector Accounting Standards' issued by the IPSASB explains that GBEs apply IFRS issued by the IASB. GBEs are defined in IPSAS 1, 'Presentation of Financial Statements'.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears below:

- Definitions
- Presentation
  - Liabilities and Net Assets/Equity
    - Puttable Instruments
    - Instruments, or Components of Instruments, that Impose on the Entity an Obligation to Deliver to Another Party a pro rata Share of the Net Assets of the Entity only on Liquidation
    - Reclassification of Puttable Instruments and Instruments that Impose on the Entity an Obligation to Deliver to Another Party a pro rata Share of the Net Assets of the Entity Only on Liquidation
    - No Contractual Obligation to Deliver Cash or Another Financial Asset
  - Settlement in the Entity's Own Equity Instruments
  - Contingent Settlement Provisions
  - Settlement Options
  - Compound Financial Instruments
- Treasury Shares
- Interest, Dividends or Similar Distributions, Losses, and Gains
- Offsetting a Financial Asset and a Financial Liability
- Transition
- Effective Date
- Withdrawal and Replacement of IPSAS 15 (2001)
- Appendix A – Application Guidance
- Appendix B – Members' Shares in Cooperative Entities and Similar Instruments
- Appendix C – Amendments to Other IPSAS

- Basis for Conclusions
- Illustrative Examples
- Comparison with IAS 32

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 29 Financial Instruments: Recognition and Measurement

Objective The objective of this Standard is to establish principles for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. Requirements for presenting information about financial instruments are in IPSAS 28, 'Financial Instruments: Presentation'. Requirements for disclosing information about financial instruments are in IPSAS 30, 'Financial Instruments: Disclosures'.

Scope This Standard shall be applied by all entities to all types of financial instruments, except:

(a) those interests in controlled entities, associates and joint ventures that are accounted for under IPSAS 6, 'Consolidated and Separate Financial Statements', IPSAS 7, 'Investments in Associates', or IPSAS 8, 'Interests in Joint Ventures'. However, entities shall apply this Standard to an interest in a controlled entity, associate, or joint venture that according to IPSAS 6, IPSAS 7 or IPSAS 8 is accounted for under this Standard. Entities shall also apply this Standard to derivatives on an interest in a controlled entity, associate, or joint venture unless the derivative meets the definition of an equity instrument of the entity in IPSAS 28;
(b) rights and obligations under leases to which IPSAS 13, 'Leases', applies. However:
    (i) lease receivables recognised by a lessor are subject to the derecognition and impairment provisions of this Standard;
    (ii) finance lease payables recognised by a lessee are subject to the derecognition provisions of this Standard;
    (iii) derivatives that are embedded in leases are subject to the embedded derivatives provisions of this Standard;
(c) employers' rights and obligations under employee benefit plans, to which IPSAS 25, 'Employee Benefits', applies;

(d) financial instruments issued by the entity that meet the definition of an equity instrument in IPSAS 28 (including options and warrants) or that are required to be classified as an equity instrument in accordance with certain sections of IPSAS 28. However, the holder of such equity instruments shall apply this Standard to those instruments, unless they meet the exception in (a) previously;

(e) rights and obligations arising under:
   (i) an insurance contract, other than an issuer's rights and obligations arising under an insurance contract that meets the definition of a financial guarantee contract; or
   (ii) a contract that is within the scope of the relevant international or national accounting standard dealing with insurance contracts because it contains a discretionary participation feature.

   This Standard applies to a derivative that is embedded in an insurance contract if the derivative is not itself an insurance contract. An entity applies this Standard to financial guarantee contracts, but shall apply the relevant international or national accounting standard dealing with insurance contracts if the issuer elects to apply that standard in recognising and measuring them. Notwithstanding (i) above, an entity may apply this Standard to other insurance contracts which involve the transfer of financial risk;

(f) any forward contracts between an acquirer and seller to buy or sell an acquiree that will result in an entity combination at a future acquisition date. The term of the forward contract should not exceed a reasonable period normally necessary to obtain any required approvals and to complete the transaction;

(g) loan commitments other than those loan commitments described earlier. An issuer of loan commitments shall apply IPSAS 19, 'Provisions, Contingent Liabilities and Contingent Assets', to loan commitments that are not within the scope of this Standard. However, all loan commitments are subject to the derecognition provisions of this Standard;

(h) financial instruments, contracts and obligations under share-based payment transactions to which the relevant international or national accounting standard dealing with share-based payment applies, except for contracts within the scope of earlier sections of this Standard, to which this Standard applies;

(i) rights to payments to reimburse the entity for expenditure it is required to make to settle a liability that it recognises as a provision in accordance with IPSAS 19, or for which, in an earlier period, it recognised a provision in accordance with IPSAS 19;

(j) the initial recognition and initial measurement of rights and obligations arising from non-exchange revenue transactions, to which IPSAS 23, 'Revenue from Non-Exchange Transactions (Taxes and Transfers)', applies.

The following loan commitments are within the scope of this Standard:

(a) loan commitments that the entity designates as financial liabilities at fair value through surplus or deficit. An entity that has a past practice of selling the assets resulting from its loan commitments shortly after origination shall apply this Standard to all its loan commitments in the same class;
(b) loan commitments that can be settled net in cash or by delivering or issuing another financial instrument. These loan commitments are derivatives. A loan commitment is not regarded as settled net merely because the loan is paid out in installments (e.g. a mortgage construction loan that is paid out in installments in line with the progress of construction);
(c) commitments to provide a loan at a below-market interest rate.

This Standard shall be applied to those contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale, or usage requirements.

There are various ways in which a contract to buy or sell a non-financial item can be settled net in cash or another financial instrument or by exchanging financial instruments. These include:

(a) when the terms of the contract permit either party to settle it net in cash or another financial instrument or by exchanging financial instruments;
(b) when the ability to settle net in cash or another financial instrument, or by exchanging financial instruments, is not explicit in the terms of the contract, but the entity has a practice of settling similar contracts net in cash or another financial instrument or by exchanging financial instruments (whether with the counterparty, by entering into offsetting contracts or by selling the contract before its exercise or lapse);
(c) when, for similar contracts, the entity has a practice of taking delivery of the underlying and selling it within a short period after delivery for the purpose of generating a profit from short-term fluctuations in price or dealer's margin;

(d) when the non-financial item that is the subject of the contract is readily convertible to cash.

A contract to which (b) or (c) applies is not entered into for the purpose of the receipt or delivery of the non-financial item in accordance with the entity's expected purchase, sale or usage requirements and, accordingly, is within the scope of this Standard. Other contracts to which paragraph 4 applies are evaluated to determine whether they were entered into and continue to be held for the purpose of the receipt or delivery of the non-financial item in accordance with the entity's expected purchase, sale or usage requirements and, accordingly, whether they are within the scope of this Standard.

A written option to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, in accordance with (a) or (d) immediately mentioned previously is within the scope of this Standard. Such a contract cannot be entered into for the purpose of the receipt or delivery of the non-financial item in accordance with the entity's expected purchase, sale or usage requirements.

This Standard applies to all public sector entities other than GBEs.

The 'Preface to International Public Sector Accounting Standards' issued by the IPSASB explains that GBEs apply IFRS issued by the IASB. GBEs are defined in IPSAS 1, 'Presentation of Financial Statements'.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears next:

- Definitions
- Embedded Derivatives
- Recognition and Derecognition
  - Initial Recognition
  - Derecognition of a Financial Asset
    - Transfers that Qualify for Derecognition
    - Transfers that do not Qualify for Derecognition
    - Continuing Involvement in Transferred Assets
  - All Transfers
  - Regular Way Purchases and Sales of a Financial Asset
  - Derecognition of a Financial Liability
- Measurement
  - Initial Measurement of Financial Assets and Financial Liabilities
  - Subsequent Measurement of Financial Assets

    - Subsequent Measurement of Financial Liabilities
    - Fair Value Considerations
    - Reclassifications
    - Gains and Losses
    - Impairment and Uncollectibility of Financial Assets
        - Financial Assets Carried at Amortised Cost
        - Financial Assets Carried at Cost
        - Available-For-Sale Financial Assets
- Hedging
    - Hedging Instruments
        - Qualifying Hedging Instruments
        - Designation of Hedging Instruments
    - Hedged Items
        - Qualifying Items
        - Designation of Financial Items as Hedged Items
        - Designation of Non-financial Items as Hedged Items
        - Designation of Groups of Items as Hedged Items
    - Hedge Accounting
        - Fair Value Hedges
        - Cash Flow Hedges
        - Hedges of a Net Investment
- Transition
- Effective Date
- Appendix A – Application Guidance
- Appendix B – Reassessment of Embedded Derivatives
- Appendix C – Hedges of a Net Investment in a Foreign Operation
- Appendix D – Amendments to Other IPSAS
- Basis for Conclusions
- Implementation Guidance
- Illustrative Examples
- Comparison with IAS 39

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 30 Financial Instruments: Disclosures

Objective The objective of this Standard is to require entities to provide disclosures in their financial statements that enable users to evaluate:

(a) the significance of financial instruments for the entity's financial position and performance;
(b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

The principles in this Standard complement the principles for recognising, measuring and presenting financial assets and financial liabilities in IPSAS 28, 'Financial Instruments: Presentation', and IPSAS 29, 'Financial Instruments: Recognition and Measurement'.

Scope This Standard shall be applied by all entities to all types of financial instruments, except:

(a) those interests in controlled entities, associates, or joint ventures that are accounted for in accordance with IPSAS 6, 'Consolidated and Separate Financial Statements', IPSAS 7, 'Investments in Associates', or IPSAS 8, 'Interests in Joint Ventures'. However, in some cases, IPSAS 6, IPSAS 7 or IPSAS 8 permits an entity to account for an interest in a controlled entity, associate, or joint venture using IPSAS 29; in those cases, entities shall apply the requirements of this Standard. Entities shall also apply this Standard to all derivatives linked to interests in controlled entities, associates, or joint ventures unless the derivative meets the definition of an equity instrument in IPSAS 28;
(b) employers' rights and obligations arising from employee benefit plans, to which IPSAS 25, 'Employee Benefits', applies;
(c) rights and obligations arising under insurance contracts. However, this Standard applies to:
    (i) derivatives that are embedded in insurance contracts if IPSAS 29 requires the entity to account for them separately; and
    (ii) an issuer of financial guarantee contracts if the issuer applies IPSAS 29 in recognising and measuring the contracts, but shall apply the relevant international or national accounting standard dealing with insurance contracts if the issuer elects to apply those standards in recognising and measuring them.

    In addition to (i) and (ii) above, an entity may apply this Standard to insurance contracts which involve the transfer of financial risk;
(d) financial instruments, contracts and obligations under share-based payment transactions to which the relevant international or national

accounting standard dealing with share-based payment applies, except for contracts within the scope of IPSAS 29, to which that Standard applies;
(e) instruments that are required to be classified as equity instruments in accordance with IPSAS 28.

This Standard applies to recognised and unrecognised financial instruments. Recognised financial instruments include financial assets and financial liabilities that are within the scope of IPSAS 29. Unrecognised financial instruments include some financial instruments that, although outside the scope of IPSAS 29, are within the scope of this Standard (such as some loan commitments).

This Standard applies to contracts to buy or sell a non-financial item that are within the scope of IPSAS 29.

This Standard applies to all public sector entities other than GBEs.

The 'Preface to International Public Sector Accounting Standards' issued by the IPSASB explains that GBEs apply IFRS issued by the IASB. GBEs are defined in IPSAS 1, 'Presentation of Financial Statements'.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears next:

- Definitions
- Classes of Financial Instruments and Level of Disclosure
- Significance of Financial Instruments for Financial Position and Financial Performance
  - Statement of Financial Position
    - Categories of Financial Assets and Financial Liabilities
    - Financial Assets or Financial Liabilities at Fair Value through Surplus or Deficit
    - Reclassification
    - Derecognition
    - Collateral
    - Allowance Account for Credit Losses
    - Compound Financial Instruments with Multiple Embedded Derivatives
    - Defaults and Breaches
  - Statement of Financial Performance
    - Items of Revenue, Expense, Gains, or Losses
  - Other Disclosures
    - Accounting Policies

        - Hedge Accounting
        - Fair Value
        - Concessionary Loans
- Nature and Extent of Risks Arising from Financial Instruments
    - Qualitative Disclosures
    - Quantitative Disclosures
    - Credit Risk
        - Financial Assets that are Either Past Due or Impaired
        - Collateral and Other Credit Enhancements Obtained
    - Liquidity Risk
    - Market Risk
        - Sensitivity Analysis
        - Other Market Risk Disclosures
- Effective Date and Transition
- Withdrawal and Replacement of IPSAS 15 (2001)
- Appendix A – Application Guidance
- Appendix B – Amendments to Other IPSAS
- Basis for Conclusions
- Implementation Guidance
- Comparison with IFRS 7

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

IPSAS 31 Intangible Assets

Objective The objective of this Standard is to prescribe the accounting treatment for intangible assets that are not dealt with specifically in another Standard. This Standard requires an entity to recognise an intangible asset if, and only if, specified criteria are met. The Standard also specifies how to measure the carrying amount of intangible assets, and requires specified disclosures about intangible assets.

Scope An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for intangible assets.

This Standard shall be applied in accounting for intangible assets, except:

(a) intangible assets that are within the scope of another Standard;
(b) financial assets, as defined in IPSAS 28, 'Financial Instruments: Presentation';

(c) the recognition and measurement of exploration and evaluation assets (see the relevant international or national accounting standard dealing with exploration for, and evaluation of, mineral resources);
(d) expenditure on the development and extraction of minerals, oil, natural gas and similar non-regenerative resources;
(e) intangible assets acquired in a business combination (see the relevant international or national accounting standard dealing with business combinations);
(f) goodwill acquired in a business combination (see the relevant international or national accounting standard dealing with business combinations);
(g) powers and rights conferred by legislation, a constitution or by equivalent means;
(h) deferred tax assets (see the relevant international or national accounting standard dealing with income taxes);
(i) deferred acquisition costs, and intangible assets, arising from an insurer's contractual rights under insurance contracts within the scope of the relevant international or national accounting standard dealing with insurance contracts. In cases where the relevant international or national accounting standard does not set out specific disclosure requirements for those intangible assets, the disclosure requirements in this Standard apply to those intangible assets;
(j) non-current intangible assets classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with the relevant international or national accounting standard dealing with non-current assets held for sale and discontinued operations;
(k) in respect of intangible heritage assets. However, the disclosure requirements of this Standard apply to those heritage assets that are recognised.

This Standard applies to all public sector entities other than GBEs.

The 'Preface to International Public Sector Accounting Standards' issued by the IPSASB explains that GBEs apply IFRS issued by the IASB. GBEs are defined in IPSAS 1, 'Presentation of Financial Statements'.

If another IPSAS prescribes the accounting for a specific type of intangible asset, an entity applies that IPSAS instead of this Standard. For example, this Standard does not apply to:

(a) intangible assets held by an entity for sale in the ordinary course of operations (see IPSAS 11, 'Construction Contracts', and IPSAS 12, 'Inventories');
(b) leases that are within the scope of IPSAS 13, 'Leases';

(c) assets arising from employee benefits (see IPSAS 25, 'Employee Benefits');
(d) financial assets as defined in IPSAS 28. The recognition and measurement of some financial assets are covered by IPSAS 6, 'Consolidated and Separate Financial Statements', IPSAS 7, 'Investments in Associates', and IPSAS 8, 'Interests in Joint Ventures'.

Some intangible assets may be contained in or on a physical substance such as a compact disc (in the case of computer software), legal documentation (in the case of a licence or patent), or film. In determining whether an asset that incorporates both intangible and tangible elements should be treated under IPSAS 17, 'Property, Plant and Equipment', or as an intangible asset under this Standard, an entity uses judgement to assess which element is more significant. For example, the navigation software for a fighter aircraft is integral to the aircraft and is treated as property, plant and equipment. The same applies to the operating system of a computer. When the software is not an integral part of the related hardware, computer software is treated as an intangible asset.

This Standard applies to, among other things, expenditure on advertising, training, start-up, research and development activities. Research and development activities are directed to the development of knowledge. Therefore, although these activities may result in an asset with physical substance (e.g. a prototype), the physical element of the asset is secondary to its intangible component, that is, the knowledge embodied in it.

In the case of a finance lease, the underlying asset may be either tangible or intangible. After initial recognition, a lessee accounts for an intangible asset held under a finance lease in accordance with this Standard. Rights under licensing agreements for items such as motion picture films, video recordings, plays, manuscripts, patents and copyrights are excluded from the scope of IPSAS 13 and are within the scope of this Standard.

Exclusions from the scope of a Standard may occur if activities or transactions are so specialised that they give rise to accounting issues that may need to be dealt with in a different way. Such issues arise in the accounting for expenditure on the exploration for, or development and extraction of, oil, gas and mineral deposits in extractive industries, and in the case of insurance contracts. Therefore, this Standard does not apply to expenditure on such activities and contracts. However, this Standard applies to other intangible assets used (such as computer software), and other expenditure incurred (such as start-up costs), in extractive industries, or by insurers.

Intangible heritage assets This Standard does not require an entity to recognise intangible heritage assets that would otherwise meet the definition of, and recognition criteria for, intangible assets. If an entity does recognise intangible heritage assets, it must apply the disclosure requirements of this Standard and may, but is not required to, apply the measurement requirements of this Standard.

Some intangible assets are described as intangible heritage assets because of their cultural, environmental or historical significance. Examples of intangible heritage assets include recordings of significant historical events and rights to use the likeness of a significant public person on, for example, postage stamps or collectible coins. Certain characteristics, including the following, are often displayed by intangible heritage assets (although these characteristics are not exclusive to such assets):

(a) their value in cultural, environmental and historical terms is unlikely to be fully reflected in a financial value based purely on a market price;
(b) legal and/or statutory obligations may impose prohibitions or severe restrictions on disposal by sale;
(c) their value may increase over time;
(d) it may be difficult to estimate their useful lives, which in some cases could be several hundred years.

Public sector entities may have large holdings of intangible heritage assets that have been acquired over many years and by various means, including purchase, donation, bequest and sequestration. These assets are rarely held for their ability to generate cash inflows, and there may be legal or social obstacles to using them for such purposes.

Some intangible heritage assets have future economic benefits or service potential other than their heritage value, for example, royalties paid to the entity for use of an historical recording. In these cases, an intangible heritage asset may be recognised and measured on the same basis as other items of cash-generating intangible assets. For other intangible heritage assets, their future economic benefit or service potential is limited to their heritage characteristics. The existence of both future economic benefits and service potential can affect the choice of measurement base.

The disclosure requirements of this Standard require entities to make disclosures about recognised intangible assets. Therefore, entities that recognise intangible heritage assets are required to disclose in respect of those assets such matters as, for example:

(a) the measurement basis used;
(b) the amortisation method used, if any;
(c) the gross carrying amount;
(d) the accumulated amortisation at the end of the period, if any;
(e) a reconciliation of the carrying amount at the beginning and end of the period showing certain components thereof.

Summary In addition to the objective, scope and related introduction, a summary of this Standard appears next:

- Definitions
  - Intangible Assets
  - Control of an Asset
  - Future Economic Benefits or Service Potential
- Recognition and Measurement
  - Separate Acquisition
  - Subsequent Expenditure on an Acquired In-process
  - Research and Development Project
  - Intangible Assets Acquired through Non-exchange Transactions
  - Exchanges of Assets
  - Internally Generated Goodwill
  - Internally Generated Intangible Assets
  - Research Phase
  - Development Phase
  - Cost of an Internally Generated Intangible Asset
- Recognition of an Expense
  - Past Expenses not to be Recognised as an Asset
- Subsequent Measurement
  - Cost Model
  - Re-valuation Model
- Useful Life
- Intangible Assets with Finite Useful Lives
  - Amortisation Period and Amortisation Method
  - Residual Value
  - Review of Amortisation Period and Amortisation Method
- Intangible Assets with Indefinite Useful Lives

    - Review of Useful Life Assessment
- Recoverability of the Carrying Amount – Impairment Losses
- Retirements and Disposals
- Disclosure
    - General
    - Intangible Assets Measured after Recognition using the Re-valuation Model
    - Research and Development Expenditure
    - Other Information
- Transition
- Effective Date
- Appendix A – Application Guidance
- Appendix B – Amendments to Other IPSAS
- Basis for Conclusions
- Illustrative Examples
- Comparison with IAS 38

More information on the detailed text of the Standard is available at www.ipsas.org/en/ipsas_standards.htm.

Handbook of International Public Sector Accounting Pronouncements The *Handbook of International Public Sector Accounting Pronouncements* brings together for continuing reference background information about the IFAC and the currently effective pronouncements for the public sector issued by IFAC. This handbook, published in 2012, and presented in two volumes containing almost 2,000 pages, can be obtained via www.ifac.org/publications-resources.

The contents of this publication are as follows. This text is an extract from *Handbook of International Public Sector Accounting Pronouncements of the International Public Sector Accounting Standards Board*, published by the International Federation of Accountants (IFAC) in April 2012 and is used with permission of IFAC.

- Volume I
    - International Public Sector Accounting Standards Board – Terms of Reference
    - International Federation of Accountants
    - Preface to International Public Sector Accounting Standards
    - Introduction to the International Public Sector Accounting Standards

  - IPSAS 1 – Presentation of Financial Statements
  - IPSAS 2 – Cash Flow Statements
  - IPSAS 3 – Accounting Policies, Changes in Accounting Estimates and Errors
  - IPSAS 4 – The Effects of Changes in Foreign Exchange Rates
  - IPSAS 5 – Borrowing Costs
  - IPSAS 6 – Consolidated and Separate Financial Statements
  - IPSAS 7 – Investments in Associates
  - IPSAS 8 – Interests in Joint Ventures
  - IPSAS 9 – Revenue from Exchange Transactions
  - IPSAS 10 – Financial Reporting in Hyperinflationary Economies
  - IPSAS 11 – Construction Contracts
  - IPSAS 12 – Inventories
  - IPSAS 13 – Leases
  - IPSAS 14 – Events after the Reporting Date
  - IPSAS 15 – Financial Instruments: Disclosure and Presentation
  - IPSAS 16 – Investment Property
  - IPSAS 17 – Property, Plant and Equipment
  - IPSAS 18 – Segment Reporting 4
  - IPSAS 19 – Provisions, Contingent Liabilities and Contingent Assets
  - IPSAS 20 – Related Party Disclosures
  - IPSAS 21 – Impairment of Non-Cash-Generating Assets
  - IPSAS 22 – Disclosure of Financial Information about the General Government Sector
  - IPSAS 23 – Revenue from Non-Exchange Transactions (Taxes and Transfers)
  - IPSAS 24 – Presentation of Budget Information in Financial Statements
  - IPSAS 25 – Employee Benefits
- Volume II
  - IPSAS 26 – Impairment of Cash-Generating Assets
  - IPSAS 27 – Agriculture
  - IPSAS 28 – Financial Instruments: Presentation
  - IPSAS 29 – Financial Instruments: Recognition and Measurement
  - IPSAS 30 – Financial Instruments: Disclosures
  - IPSAS 31 – Intangible Assets
  - Introduction to the International Public Sector Accounting Standard under the Cash Basis of Accounting
  - Cash Basis IPSAS – Financial Reporting Under the Cash Basis of Accounting

- Glossary of Defined Terms in IPSAS 1 to IPSAS 31
- Summary of Other Documents

2.2 STATISTICS-BASED STANDARDS

The objective of this section is to show that there are a huge amount of organisations, such as the United Nations System of National Accounts (UNSNA, or SNA), the Organisation for Economic Cooperation and Development (OECD), and many entities in the EU and US, actively involved in collecting data. Nevertheless, usually, the data are very outdated, and are un-coordinated so that they do not tie in to any endeavour seeking to sort data into objects and value. Still, it is a necessary endeavour to remain abreast of relevant statistics, and to do whatever can be done under limitations and time and financial resources.

Attention will be paid to the following, being locations for information that is relevant to the topic of statistics-based standards:

- International Public Sector Accounting Standards and Statistical Bases of Financial Reporting: An Analysis of Differences and Recommendations for Convergence;
- Alignment of IPSAS and Public Sector Statistical Reporting Guidance;
- Inter-secretariat Working Group on National Accounts;
- System of National Accounts.

International Public Sector Accounting Standards (IPSAS) and Statistical Bases of Financial Reporting: An Analysis of Differences and Recommendations for Convergence

In the first instance, consider International Public Sector Accounting Standards (IPSAS) and Statistical Bases of Financial Reporting: An Analysis of Differences and Recommendations for Convergence, a report published in 2005 by the IPSASB,which is accessible at www.ifac.org/sites/default/files/publications/files/international-public-sector.pdf.

The Executive Summary of this report is as follows. Accounting and statistical bases for reporting financial information have different objectives, focus on different reporting entities and treat some transactions and events differently. However, they also have many similarities in treatment, deal with similar transactions and events and in some cases have a similar type of report structure. It has been argued that users of financial reports of public sector entities are confused by differences between statistical and accounting reporting bases and that there is significant benefit in better explaining those differences and in converging treatments of similar transactions and events to the extent possible.

This Report was developed by members of Working Group 1 (WGI) of the international Task Force on Harmonization of Public Sector Accounting (TFHPSA). The purpose of the TFHPSA is to identify differences between accounting and statistical bases of financial reporting and make recommendations to those responsible for the development of accounting and statistical bases of financial reporting on approaches for the removal of unnecessary differences.

The centrepiece of this Report is a Table (the 'Matrix') which identifies, and groups for analytical purposes, key differences as at June 30, 2004 between accounting and statistical bases of financial reporting. The Matrix also identifies processes by which the differences could be reduced.

Requirements for accounting and statistical bases of financial reporting have already been developed by national and international accounting and statistical standards-setting bodies. In many cases, these requirements are being implemented by governments and their agencies. The potential for any reduction in differences is dependent on these standards setters and related key groups and organisations:

- working together to remove existing unnecessary differences;
- developing cooperative mechanisms to ensure that unintended differences do not arise in the future as existing financial reporting requirements are refined and additional requirements developed to deal with additional economic transactions and/or phenomena.

The standards-setting bodies and related key groups and organisations referred to above include the International Federation of Accountants (IFAC), the International Public Sector Accounting Standards Board (IPSASB – formerly the Public Sector Committee (PSC)), the International Accounting Standards Board (IASB), the International Monetary Fund (IMF), Eurostat and groups involved in the update of the *System of National Accounts 1993* (1993 SNA) such as the Inter-Secretariat Working Group on National Accounts (ISWGNA) and its Advisory Expert Group (AEG), the Organisation for Economic Cooperation and Development (OECD) Canberra II Group, and Working Group II (WGII) of TFHPSA. Many of these groups have been involved in the development of this Report and their goodwill and cooperation augur well for future convergence activities.

A number of these groups are currently undertaking work on projects that affect the convergence agenda. In many cases, these projects relate to issues identified in the Matrix. These are identified in Table 1 of this Executive Summary. (Readers should note that Table 1 does not necessarily identify all projects currently being progressed by these groups. It only identifies projects which are anticipated to be of particular significance to the convergence agenda.) Appendix 1 of this Research Report identifies the process for updating the 1993 SNA (Section A) and provides a brief overview of the issues being considered as part of the update (Sections B and C).

This Report makes specific recommendations on convergence activities and convergence projects that could usefully be undertaken by the key groups. These are summarised in Table 2 of this Executive Summary. Table 2 also identifies groups that may also be undertaking related work and are encouraged to work together to develop a common solution. The final column of Table 2 provides a link to the fuller discussion of the recommendation in the Matrix itself.

Table 2 is designed to help each group identify the role it can play in progressing convergence and to assist in monitoring progress on convergence. It provides a useful overview of the issues and recommendations, but is not a substitute for the detailed analysis in the Matrix itself. Many of the recommendations in this Report relate primarily to the work of the IPSASB rather than to other groups. This reflects the assessment that the IPSASB is in a better position than other groups to pursue convergence on certain issues. The Report recognises that the IPSASB has an ongoing work programme that includes progressing public sector specific issues and convergence with standards issued by the IASB, as well as convergence with statistical bases of financial reporting. In recognition of this, the Report identifies for the IPSASB's consideration the following as priority convergence projects:

- the development of an IPSAS that allows or encourages disclosure of information about the GGS (as defined in statistical bases of financial reporting) in whole of government general purpose financial statements (GPFS), specifies rules when a government elects to make such disclosures, and acknowledges that other sectors may also be disclosed in a manner similar to the GGS information (see the issues under category 1 of the Matrix);
- the development of a long-term project on reporting financial performance that splits the comprehensive result into two components that aligns as far as possible with the split between transactions and other economic flows adopted in statistical bases of financial reporting (see the issues under issue 8.4 of the Matrix);

- the development or amendment of IPSAS that will require or allow the adoption of current values in IPSAS (see, for example, the issues under category 5 of the Matrix).

The Report notes that some differences will not, and arguably should not, converge over the long term. These are differences that arise because of the different objectives and focuses of accounting and statistical financial reporting bases. These differences are identified in Table 3 of this Executive Summary. In the long term it will be necessary to develop a reconciliation statement to deal with these differences and to illustrate the relationship between accounting and statistical reporting bases. Depending on the progress made on convergence of the issues identified in Table 2, that reconciliation statement may also need to deal with other differences. The Report argues that it is premature at this time to consider the form of such a reconciliation statement – time should be allowed to work through those issues identified in Table 2.

It is intended that WGI has an ongoing role in supporting the convergence of accounting and statistical financial reporting. As part of that role WGI will monitor the convergence activities of international accounting and statistical bodies responsible for establishing requirements for financial reporting. It is anticipated that Table 2 will be useful for this ongoing role and in determining at what stage, and in respect of what matters, resources of standards setters should be allocated to the development of a reconciliation statement to deal with outstanding differences between accounting and statistical bases of financial reporting.

Summary In addition to the Executive Summary, this research report, over 100 pages in length, is comprised of the following:

- List of Acronyms
- Introduction
  - The Matrix – Structure
  - Convergence – Key Groups, Recommendations and a Way Forward
- Matrix
  - The scope of the reporting entity and sector reporting
  - Outside ownership relationships
  - Recognition of assets (other than financial instruments)
  - Counterparty/symmetry and recognition
  - Measurement of assets, liabilities and net assets/equity
  - Financial instruments

    - Time series
    - Financial statements for the reporting entity (and/or sectors thereof)
    - Terminology and definitions
    - Items considered and found not to or not expected to be a cause of a difference
- Appendices
    - Updating 1993 SNA: Process and Issues
    - International Public Sector Accounting Standards and Invitations to Comment as at June 30, 2004

Alignment of IPSAS and Public Sector Statistical Reporting Guidance

Information about this project is accessible at www.ifac.org/public-sector/projects/alignment-ipsass-and-public-sector-statistical-reporting-guidance.

The scope, background, issues and task force progress/board discussions to date are presented next.

Scope

This project will involve an analysis of the differences between the revised *Government Finance Statistics Manual 2008* (GFSM 2008) and pronouncements in the *IPSASB Handbook of International Public Sector Accounting Pronouncements* and an evaluation of the extent to which further harmonisation between statistical reporting guidance and IPSAS might be feasible. The project will also involve the development of an illustrative Chart of Accounts that could facilitate compilation of reports based on the statistical reporting guidance and IPSAS and an evaluation of whether amendments should be made to IPSAS 22, *Disclosure of Financial Information about the General Government Sector,* in the light of changes to *System of National Accounts 2008* (SNA 2008) and updated GFSM and *European System of Accounts 1995* (ESA 95).

Background

A continuing emphasis on harmonisation with statistical accounting is a component of the IPSASB theme of public sector critical projects. The project will reinforce awareness of the linkage between statistical reporting guidance and IPSAS. Development of an illustrative Chart of Accounts would be an important contribution to the IPSASB's strategic theme of Outreach and Adoption and would strengthen the likelihood of adoption of IPSAS by governments.

The IPSASB has a standard related to this project. IPSAS 22 prescribes disclosure requirements for governments which elect to present information about the GGS in their consolidated financial statements. IPSAS 22 was issued in December 2006 and has not been revised for changes to IPSAS and changes to statistical reporting guidance.

Issues

Issues the project needs to take into consideration include (but are not necessarily limited to):

- development of the broad description of relationships between accounting standards and statistical reporting guidance in time for inclusion as an Appendix in the revised GFSM and as a note for countries applying ESA;
- to ascertain the nature and extent of differences between IPSAS and statistical accounting guidance by updating the matrix that formed the core of the 2005 Research Report, *IPSAS and Statistical Bases of Financial Reporting: An Analysis of Differences and Recommendations for Convergence*;
- analysing the extent to which the remaining areas of difference can be addressed, including whether there is further scope for harmonisation between statistical reporting guidance and IPSAS;
- to consider whether IPSAS 22 is still robust in the light of the revisions to the GFSM; and
- to ascertain whether development of a Chart of Accounts that can be applied to both IPSAS and GFSM/ESA is feasible.

Task Force progress/board discussions to date

December 2011: The IPSASB provided provisional sign-off on the draft Appendix for inclusion in the GFSM, which describes linkages between IPSAS and statistical accounting guidance. The IPSASB also reviewed a draft structure for the planned consultation paper, and identified future alignment work for possible inclusion in the IPSASB's work plan.

November 2011: Task Force meeting held. The Task Force reviewed progress and discussed papers for the upcoming IPSASB meeting. Three documents were reviewed and revisions identified: a draft structure for the planned consultation paper, a draft GFSM Appendix on linkages between IPSAS and statistical accounting guidance; and a summary table showing progress and status of alignment issues.

September 2011: Task Force meeting held. The Task Force revised a summary of key differences between IPSAS and statistical reporting guidance in order to classify them in terms of their resolution and future scope to resolve; discussed inputs for the GFSM Appendix; and planned the project's next steps.

August 2011: Final IPSASB approval for the Project Brief received. Revisions prior to final approval included a revised project name; *Alignment of IPSAS and Public Sector Statistical Reporting Guidance*.

July 2011: Task Force teleconference discussed development of a GFSM Appendix on the relationship between IPSAS and statistical reporting guidance.

June 2011: The IPSASB tentatively approved a Project Brief, *Government Financial Statistics*. The IPSASB identified the issues previously as relevant to this project. The following four goals were identified as project components:

- to develop a broad description of relationships between accounting standards and statistical reporting standards for inclusion in the updated GFSM;
- to provide a review of the implications of revised statistical standards on IPSAS;
- to develop an illustrative chart of accounts that could facilitate the compilation of reports compliant with IPSAS and statistical reporting standards and act as a bridge between the two forms of reporting;
- to update IPSAS 22 for changes to IPSAS and statistical reporting.

Inter-secretariat Working Group on National Accounts (ISWGNA)

The Inter-secretariat Working Group on National Accounts (ISWGNA) is one of the oldest interagency bodies set up by the United Nations Statistical Commission (UNSC) to enhance cooperation among international organisations working in the same field. See Unstats.un.org/unsd/nationalaccount/iswgna.asp).

The ISWGNA (comprising Eurostat, International Monetary Fund, Organisation for Economic Cooperation and Development, United Nations and the World Bank) received its mandate from the UNSC to:

- provide strategic vision, direction and coordination for the methodological development and implementation of the SNA in national, regional and international statistical systems;

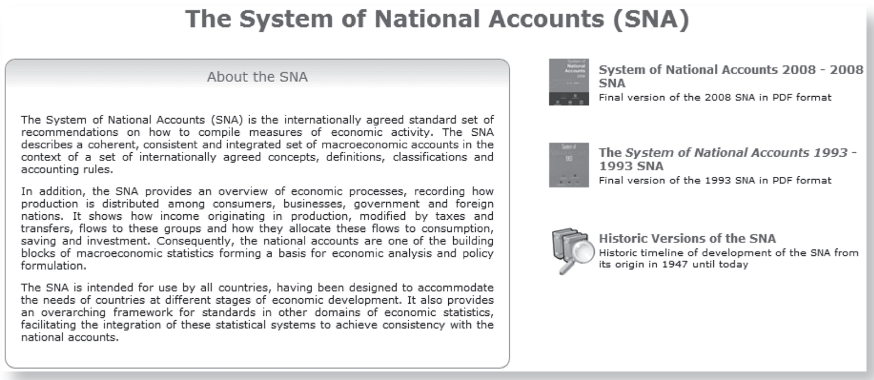


FIGURE 2.3 The SNA. Reproduced by permission of The Secretariat, The Publications Board, The United Nations.

- revise and update the SNA and develop supporting normative international statistical standards and other methodological documents on national accounts and supporting statistics;
- promote the development of databases at international, regional and national level on national accounts statistics;
- promote the implementation of the SNA and supporting statistics;
- promote the use of national accounts and supporting statistics in policy formulation.

As mentioned in relation to the preceding text, the SNA is a particular point of focus for many entities involved with statistics-based standards. Information about SNA can be obtained via unstats.un.org/unsd/nationalaccount/sna.asp (see Figure 2.3).

The System of National Accounts

The United Nations System of National Accounts (often abbreviated as SNA or UNSNA) is an international standard system of national accounts, the first international standard being published in 1953. Handbooks have been released for the 1968 revision, the 1993 revision and the 2008 revision, referred to below. A feature of the 2008 revision of the SNA is recognition of the increasing use of IFRS corporations and in the public sector. Therefore, chapters in the SNA make reference to the IASB.

The aim of UNSNA is to provide an integrated, complete system of accounts enabling international comparisons of all significant economic activity. The suggestion is that individual countries use UNSNA as a guide in constructing their own national accounting systems, to promote international comparability. However, adherence to an international standard is not, and cannot, be rigidly enforced, and the systems used by some countries differ significantly from the standard. In itself this is not a major problem, provided that each system provides sufficient data which can be reworked to compile national accounts according to the United Nations standard. Even so, the overall process is one of unbelievable detail that is collected in an untimely manner. As such, by and large, this borders on questionable usefulness.

UNSNA includes the following main accounts:

- the production account (components of gross output);
- the primary distribution of income account (incomes generated by production);
- the transfers (redistribution) account (including social spending);
- the household expenditure account;
- the capital account;
- the (domestic) financial transactions account;
- the changes in asset values account;
- the assets and liabilities account (balance sheet);
- the external transactions account.

As detailed in the next section, these accounts include various annexes and sub-accounts, and standards are also provided for input-output tables showing the transactions between economic sectors. Almost all member countries of the United Nations provide income and product accounts, but not necessarily a full set of standard accounts, or a full set of data, for the standard accounting information supplied.

SNA 2008

It is worthwhile highlighting the aforementioned System of National Accounts 2008 (2008 SNA), which is the latest version of the international statistical standard for the national accounts, adopted by the UNSC.

The 2008 SNA is an update of the System of National Accounts, 1993 (1993 SNA). The update was in 2003 entrusted to ISWGNA to address issues brought about by changes in the economic environment, advances in methodological research and the needs of users.

The first 17 chapters of the 2008 SNA comprising the accounting rules, the accounts and tables, and their integration were adopted by the UNSC in 2008; chapters 18 to 29, comprising the interpretations and extensions of the accounts and tables of the System, were adopted by the UNSC in 2009.

The 2008 SNA is the result of a process that was notable for its transparency and the wide involvement of the international statistical community, both of which were made possible by the innovative use of the project's website Towards 2008 SNA as a communication tool. In its adoption of the 2008 SNA the UNSC encouraged Member States, regional and sub-regional organisations to implement its recommendations and use it for the national and international reporting of national accounts statistics.

Being a conceptual framework, the 2008 SNA does not attempt to provide comprehensive compilation guidance on how to make estimates nor is it descriptive in setting priorities about which accounts and tables should be implemented nor expresses norms on the frequency and format of their presentation. For practical compilation guidance, international agencies have developed separate handbooks like the handbooks of national accounting prepared by the United Nations Statistics Division.

A number of research issues have emerged during the update of the 1993 SNA, especialy where more extensive consideration was needed than was possible in the course of the update process. These issues are listed in Annex 4 of the 2008 SNA. More information on these and emerging research issues and recommendations on the outcome of the research can be found under the Research agenda, as at unstats.un.org/unsd/nationalaccount/research.asp.

Specifically, the SNA is designed to give a realistic and compact view of the economy that is suitable for policy and analytical use. As the economy changes and policy and analytical needs evolve, the SNA must be reviewed to see if it is still relevant for these purposes. This page is dedicated to such research issues and is updated with new items that emerge and recommendations on existing items as agreed. In assessing the priority to be given to a research topic, three questions need to be addressed.

- How urgent and important is the topic to ensure that the SNA continues to be relevant to the users?
- How widespread are the consequences of change and how complicated will implementation be?
- Is the topic completely new or has much of the preparation for considering the item been completed?

The process of selecting items for investigation is one that will involve widespread consultation and involvement of both compilers and users in the review process.

Work on the research agenda of the 2008 SNA is coordinated under the auspices of the ISWGNA to ensure worldwide representation in the deliberation of these issues and the proper implementation of the results in international standards or handbooks. Proposals for task forces or expert groups to do research on specific topics should be submitted to the ISWGNA, which will assess the results in accordance with the update procedures for the SNA established by the UNSC.

Annex 4 of the 2008 SNA lists research issues that have emerged during the update of the 1993 SNA, but where more extensive consideration is needed than what was possible in the course of the update process.

For the very informative SNA 2008 Contents, see the Appendix C of this book. Also, more information on the detailed text of SNA 2008 is available at unstats.un.org/unsd/nationalaccount/sna.asp.

Furthermore, for additional information, refer to Closing the Gap - Report on Addressing Information Gaps between Business and Macro Economic Accounts to Better Explain Macro Economic Performance, prepared by Dr. Roland Burgman, United Nations Department of Economic and Social Affairs, United Nations, July2008, as is available at unstats.un.org/unsd/nationalaccount/workshops/2008/newyork/IG02-Report.PDF.

2.3 INTERNATIONAL VALUATION STANDARDS COUNCIL (IVSC)

The International Valuation Standards Council (IVSC) is the global standard setter for the valuation profession. The mission of this particular body is to set and maintain effective, high-quality global standards for the performance of valuations by the valuation profession, and to contribute to the development of the worldwide valuation profession, thereby serving the public interest. As stands to reason, valuations are fundamental to financial reporting, upon which decision making is based. Clearly, assorted stakeholders, within corporations, as well as government entities, rely upon the integrity of valuations made. Sound investments, otherwise, cannot be made.

It also supports the need to develop a framework of guidance on best practice for valuations of the various classes of assets and liabilities and for the consistent delivery of the standards by properly trained professionals around the globe. The home page of this entity is www.ivsc.org.

History

The IVSC produced its first standards in the 1980s. A major landmark was obtaining agreement to the definition and conceptual framework for market value in the early 1990s. In 2000 the first set of comprehensive standards covering assets ranging from real property, businesses, intangibles and machinery and equipment was produced and these were regularly updated and extended. Over the last decade, the International Valuation Standards (IVS) have been adopted or recognised by many valuation institutes, user groups or financial regulators around the world.

In 2006, the IVSC realised that, because the IVS had been developed gradually over a long period, there was a need for a thorough review to improve their focus, relevance and consistency. It appointed an independent Critical Review Group to consider how the existing standards could be improved. The group produced a report with its recommendations in 2007 upon which public comments were invited.

The market turmoil of 2007 and 2008 also served to emphasise the need for the standards to be more accessible and relevant to a much wider sector of the market than previously. A major new concern emerged with regard to the valuation of financial instruments. A lack of understanding not only of the risk profile of new or complex instruments but also of the valuation processes used for providing information to management, investors and prudential regulators was identified as a significant contributor to the problems that beset the financial markets.

Additional information pertaining to the history of the IVSC can be found at www.ivsc.org/standards/index.html.

Governance

The IVSC has three boards:

- the Board of Trustees;
- the IVSC Professional Board;
- the IVSC Standards Board.

Each is considered in turn.

The Board of Trustees

The Board of Trustees is an independent global board responsible for the governance and oversight, including the funding, of the IVSC. Trustees promote the work of the two boards – the IVSC Professional Board and the IVSC Standards Board – but are not involved in technical matters relating to the IVS. In addition they:

- appoint the members of the Professional Board and the Standards Board;
- review annually the strategy of the IVSC and its effectiveness;
- review all applications for membership of the IVSC and put forward recommendations to the Annual General Meeting (AGM);
- approve amendments to the IVSC Bylaws.

Trustees are appointed for a renewable term of three years. Each Trustee is expected to have a global perspective and an understanding of how the IVSC can best operate in the world economy, business and financial reporting environments. The Board of Trustees shall not be comprised of less than six, or more than eleven, persons. Also, Trustees are drawn from geographically diverse areas.

IVSC Professional Board

The IVSC Professional Board is appointed by the Trustees to promote professional and educational standards for valuation; to assist in the development of high-quality practices by the world's valuers and development of the profession in developing countries.

The role of the Professional Board is to promote the development of the valuation profession globally. Its activities include, but are not limited to:

- promoting common professional, education and ethical practices for professional valuers;
- producing guidance on best practice to support the application of the IVS;
- promoting education and training in relation to the IVS.

The nine members of the Professional Board are appointed and overseen by the Board of Trustees. The Professional Board's projects are subject to the IVSC Due Process. For Due Process, see www.ivsc.org/boards/professional/index.html. Also, for the IVSC Work Plan, see www.ivsc.org/plan/index.html.

The IVSC Standards Board

The IVSC Standards Board is appointed by the Trustees, but has autonomy over its agenda and the creation and revision of standards. The Standards Board is an independent standard-setting board that creates and maintains the IVS. The IVS are designed to:

- promote consistency and aid understanding of valuation by identifying and developing globally accepted principles and definitions;
- identify and promulgate common principles for the undertaking and reporting of valuations;
- identify specific matters that require consideration and methods commonly used when valuing different types of assets or liabilities;
- identify the appropriate valuation processes and reporting disclosures for the major purposes for which valuations are required;
- reduce diversity of practice by enabling the convergence of different valuation standards used in specific sectors and countries.

The Standards Board may also develop technical guidance to support the IVS. The nine members of the Standards Board are appointed and overseen by the Board of Trustees.

The Standards Board follows a due process in determining its future work programme and in developing projects in the programme to a conclusion. For Due Process, see www.ivsc.org/boards/standards/index.html. Also, for the IVSC Work Plan, see www.ivsc.org/plan/index.html.

Issues

Interestingly, challenges in international valuations can, rightly, be considered as the largest handicap to move any new accounting concepts forward. The IVSC cites some of these, such as: problems relating to the concept and application of fair value; debates surrounding how to value multiple financial assets once markets collapse; problems with respect to granting mortgage loans; conflicts concerning the valuation of companies that are initially admitted to trading, subject to takeovers or de-listing.

The IVSC has signed agreements or memorandums of understanding with organisations, such as IFAC, has converged pre-existing valuation standards, and is translating its standards into other languages. No related XBRL taxonomies are created. It is also noteworthy that the IVSC is grossly underfunded, with two thirds of its funds received from only four donors.

International Valuation Standards

The current, and ninth, edition of the IVS are the result of a three-year improvement project designed and managed by the IVSC to promote consistency and transparency during the valuation process. The standards, effective as at 2012, include explanations of common valuation methods and principles, as well as the recommended procedures that valuation professionals should follow during their assignments.

The IVS is comprised of four main parts:

- IVS Framework;
- IVS General Standards;
- IVS Asset Standards;
- IVS Valuation Applications.

IVS Framework

The IVS Framework contains generally accepted valuation concepts and principles upon which the IVS are based and that are to be considered and applied when following the standards.

IVS General Standards

The IVS General Standards have general application for all asset types and valuation purposes, subject only to variations or additional requirements specified in the Asset Standards or the Valuation Applications.

IVS Asset Standards

The IVS Asset Standards contain requirements that either modify or augment the General Standards as they apply to specific types of asset. Each standard also contains a commentary to assist in application of the standards by providing background information on the characteristics of each asset that influence its value and information on the common valuation approaches and methods used.

IVS Valuation Applications

The IVS Valuation Applications consist of a standard and guidance. The standard includes any additions to or modifications of the requirements in the General Standards that apply when undertaking valuations for that purpose, together with illustrations of how the principles in the General Standards are applied. The guidance section provides additional information on applying valuation principles to meet the specific requirements of the application.

The contents of the standards publication, entitled *International Valuation Standards 2011*, are as follows:

- Introduction
- Principal Changes
- IVS Definitions
- IVS Framework
- General Standards
  - IVS 101 Scope of Work
  - IVS 102 Implementation
  - IVS 103 Reporting
- Asset Standards
  - IVS 200 Businesses and Business Interests
  - IVS 210 Intangible Assets
  - IVS 220 Plant and Equipment
  - IVS 230 Real Property Interests
    - Annexe – Historic Property
  - IVS 233 Investment Property Under Construction
  - IVS 250 Financial Instruments
- Valuation Applications
  - IVS 300 Valuations for Financial Reporting
    - Annexe – Property, Plant and Equipment in the Public Sector
  - IVS 310 Valuations of Real Property Interests for Secured Lending
- Index

As a pertinent addendum, it is notable that the IVSC, in February 2012, launched a project aimed at bringing greater consistency and understanding of the techniques used for valuing financial derivatives. The valuations placed on the portfolios of derivative instruments held by financial institutions were the subject of extensive scrutiny by financial regulators following the 2008 financial crisis. The IVSC's objective, therefore, is to provide greater transparency around the valuation process in order to assist management, investors and other stakeholders in understanding the valuations. (See www.ivsc.org/news/nr/2012/nr120227.html.)

Individual standards are segments, in much the same way as IFRS, as reflected in Figure 2.4.

The framework, individual standards and applications summarised above can be downloaded free of charge, after registration, and a full, hardcopy of the collection can be ordered, for a fee, at www.ivsc.org/pubs/index.html.

IVS 210 Intangible Assets

FIGURE 2.4 Intangible Assets. Reproduced by permission of IVSC.

IVSC summary and word count comparison

The overall size of the related publication of the IVS is well over 100 pages, with the actual standards amounting to most of that, as summarised in Table 2.3. This not only helps to identify the size of standard, in terms of text, but also indicates the comparative importance, as well as the associated complexity.

TABLE 2.3 Summary of the IVS publication.

IVS	Designation	Pages *
IVS 101	Scope of Work	5
IVS 102	Implementation	3
IVS 103	Reporting	4
IVS 200	Businesses and Business Interests	8
IVS 210	Intangible Assets	9
IVS 220	Plant and Equipment	7
IVS 230	Real Property Interests	13

(*continued*)

TABLE 2.3 *(Continued)*

IVS	Designation	Pages *
IVS 233	Investment Property Under Construction	7
IVS 250	Financial Instruments	12
IVS 300	Valuations for Financial Reporting	22
IVS 310	Valuations of Real Property Interests for Secured Lending	8
Total		**98**

** A word count was not available at the time of publication.*

For information related to IVS and the IVSC, also see www.iasplus.com/ivsc/ivsc.htm.

2.4 VALUATION RESOURCE GROUP

A more powerful and focused group regarding financial valuation issues is the Valuation Resource Group (VRG) of the FASB. The VRG was established to provide the FASB staff with information about implementation issues regarding fair value measurements used in financial reporting and the alternative viewpoints associated with those implementation issues. See www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176154493444#.

The VRG is composed of a cross section of industry representatives, including financial statement preparers, auditors, users and valuation experts. VRG meetings are coordinated by the FASB staff and observed by the SEC, the AICPA and the PCAOB. The views expressed at the VRG meetings are not authoritative decisions. Authoritative decisions are subject to normal, open due process of the FASB, including open deliberation by the board.

A key consideration in relation to valuation is the need for clear separation of objects and value, being an area that is totally underdeveloped. Ultimately, one would expect to see relevant standards arise from this area of necessary effort. Be that as it may, there are considerable benefits available to business reporting professionals, and users, when valuation and objects have greater clarity. It must be noted, however, that there is no common taxonomy in relation to identifying and labelling objects. In relation to the topic of objects, see Part IV: Tracking Objects – A Paradigm Shift in Business Reporting.

2.5 IEEE

Increasingly, and unavoidable, technology is fundamental to daily life, almost universally, whether in a private or a business context. It is worth considering, therefore, the basis for electrical standards, as relate directly to purchase, investment and operational issues in business, as well as financial reporting.

The Institute of Electrical and Electronics Engineers (IEEE) is the world's largest professional association dedicated to advancing technological innovation and excellence for the benefit of humanity. IEEE and its membership base of more than 400,000 inspire a global community through IEEE's highly cited publications, conferences, technology standards, and professional and educational activities.

IEEE provides a wide range of quality publications and standards that make the exchange of technical knowledge and information possible among technology professionals. Of particular interest is information about the development of standards, available at standards.ieee.org, which represents the IEEE Standards Association (IEEE-SA).

The IEEE-SA is a leading consensus-building organisation that nurtures, develops and advances global technologies. With collaborative thought leaders in more than 160 countries, this entity promotes innovation, enables the creation and expansion of international markets and helps protect health and public safety. Details as to the development of IEEE standards is available at standards.ieee.org/develop/overview.html.

Standards are published documents that establish specifications and procedures designed to ensure the reliability of the materials, products, methods and/or services people use every day. Standards address a range of issues, including but not limited to various protocols to help ensure product functionality and compatibility, facilitate interoperability and support consumer safety and public health.

Standards form the fundamental building blocks for product development by establishing consistent protocols that can be universally understood and adopted. This helps fuel compatibility and interoperability and simplifies product development, and speeds time-to-market. Standards also make it easier to understand and compare competing products. As standards are globally adopted and applied in many markets, they also fuel international trade.

It is only through the use of standards that the requirements of interconnectivity and interoperability can be assured. It is only through the application of standards that the credibility of new products and new markets can be verified. In summary, standards fuel the development and implementation of technologies that influence and transform the way we live, work and communicate.

It is in the preceding paragraph that the benefits of electrical standards become apparent, especially when considering the need for interconnectivity and interoperability, as are all but critical in modern society.

An online search of more than 2,000 IEEE standards can be conducted at standards.ieee.org.

2.6 ISO

Following on from the benefits of electrical standards, it is worthwhile considering the standards that are applied more generally, as within the auspices of the International Organization for Standardization (ISO), which is the world's largest developer and publisher of International Standards. This involves more object data, which is apparent when we consider all the standards and specifications for the products that we use on a day-to-day basis, as well as many others that are employed in commerce and industry. For more information, see www.iso.org. Note that images and text in this section are reproduced with permission of ISO, All rights reserved.

Essentially, ISO is a network of the national standards institutes of 163 countries, one member per country, with a Central Secretariat in Geneva, Switzerland, that coordinates the system. ISO is a non-governmental organisation that forms a bridge between the public and private sectors. On the one hand, many of its member institutes are part of the governmental structure of their countries, or are mandated by their government. On the other hand, other members have their roots uniquely in the private sector, having been set up by national partnerships of industry associations. Therefore, ISO enables a consensus to be reached on solutions that meet both the requirements of business and the broader needs of society.

In relation to the latter point, consider a particularly pertinent ISO publication, entitled *GHG schemes addressing climate change – How ISO standards help*. The whole document is available at www.iso.org/iso/ghg_climate-change.pdf.

Overall, ISO has developed over 18,500 International Standards on a variety of subjects and some 1,100 new ISO standards are published every year. The full range of technical fields can be seen from the listing of International Standards available at www.iso.org/iso/iso_catalogue.htm. Users can browse that listing to find bibliographic information on each standard and, in many cases, a brief abstract. The online ISO Standards listing integrates both the ISO Catalogue of published standards and the ISO Technical programme of standards under development.

Why standards matter

It is worth mentioning here why standards matter, which is presented succinctly by the ISO at www.iso.org/iso/about/discover-iso_why-standards-matter.htm. Specifically, standards make an enormous and positive contribution to most aspects of our lives. Standards ensure desirable characteristics of products and services such as quality, environmental friendliness, safety, reliability, efficiency and interchangeability – and at an economical cost.

When products and services meet our expectations, we tend to take this for granted and be unaware of the role of standards. However, when standards are absent, we soon notice. We soon care when products turn out to be of poor quality, do not fit, are incompatible with equipment that we already have, are unreliable or dangerous.

When products, systems, machinery and devices work well and safely, it is often because they meet standards. And the organisation responsible for many thousands of the standards which benefit the world is the ISO.

Facts and figures

This remarkable organisation is made up of 163 national standards bodies, comprising 107 member bodies, 45 correspondent members and 11 subscriber members. The technical committee structure is made up of 3,274 technical bodies, comprising 214 technical committees, 510 subcommittees, 2,478 working groups and 72 ad hoc study groups. See www.iso.org/iso/home/about/annual_reports.htm for details from the annual report 2010.

In addition, it is worth noting that the ISO has a vast range of publications. Particularly, the ISO Catalogue includes more than 18,500 published International Standards classified according to the International Classification for Standards (ICS) and by the Technical Committee (TC). Also, ISO publications and e-products cover a wide range of subjects and are available in several formats such as handbooks, packages, magazines and downloadable documents. These can be accessed via www.iso.org/iso/store.htm.

It is pertinent to note that Kevin McKinley, Deputy Secretary-General of the ISO, contributed to a landmark e-book that focuses on integrated reporting, a topic that is addressed later. *The Landscape of Integrated Reporting Reflections and Next Steps*, edited by Robert G. Eccles, Beiting Cheng and Daniela Saltzman, and published in November, 2010, by the Harvard Business School, is available at hbswk.hbs.edu/pdf/The_Landscape_of_Integrated_Reporting.pdf. We will look at this publication in more detail in Part IV of this book.

Furthermore, in Part II of that publication, the ISO Deputy Secretary-General contributed a paper entitled ‘ISO Standards for Business and Their Linkage to Integrated Reporting’, a short but thoughtful piece in which he speaks of how important standards are for aspiring businesses. Pointedly he draws attention to several ISO Standards that address some of the most pressing issues facing business today.

Predominantly he brings into sharp relief ISO Standards that relate, directly, to businesses, including:

- rsk-based decision making regarding an organisation's governance, planning, management, reporting, policies, values and culture (ISO 31000);
- customer satisfaction and how products should meet customer and regulatory requirements via quality management (ISO 9001);
- measurement of customer satisfaction (ISO 10004);
- customer complaints handling (ISO 10002);
- dispute resolution (ISO 10003);
- sound environmental performance (ISO 14001);
- product life-cycle assessments (ISO 14040);
- environmental labelling (ISO 14020 series);
- greenhouse gas/carbon footprint measurements, verification and validation (ISO 14064 and 14065 series);
- requirements for energy supply, uses and consumption, as well as measurement, reporting, design and procurement practices for energy-using equipment, systems and processes (ISO 50001);
- brand valuation objectives, bases for valuations, approaches, methods and the sourcing of data and assumptions (ISO 10668);
- company information asset security issues (ISO/IEC 27001);
- traceability and security in the supply chain (ISO 28000);
- effective food safety management (ISO 22000);
- guidance on social responsibility (ISO 26000).

In relation to the last point above, being a recent addition to the evolving ISO suite of Standards, it is worth reviewing a two-page article by Maria Lazarte in *ISO Focus+* of March 2011, entitled 'Building bridges – Aligning SR efforts for greater leverage', which is available at www.iso.org/iso/iso-focusplus_2011-03.htm (see Figure 2.5).

In that piece, among other interesting things, Ms Lazarte indicates that one of the principal achievements of the working group that developed ISO 26000 is that it brought such a broad range of stakeholders to the decision-making table in order to achieve the first truly global consensus on the broad subject of social responsibility (SR).

Certainly SR is an emerging necessity, and an unavoidable aspect of business, as it is of society at large. This significant topic is featured in the issue of *ISO Focus+* (see Figure 2.6) and available at www.iso.org/iso/iso-focusplus_2011-03.htm.

Special Report

Building bridges

Aligning SR efforts for greater leverage

by Maria Lazarte

One of the principal achievements of the working group that developed ISO 26000 is that it brought such a broad range of stakeholders to the decision-making table in order to achieve the first truly global consensus on the broad subject of social responsibility (SR).

AccountAbility

Global Reporting Initiative

UN Global Compact

ISO 26000 brought a broad range of stakeholders to the decision-making table.

FIGURE 2.5 Maria Lazarte's article. Copyright © ISO, Reproduced by permission, all rights reserved.

It is worth referring to this issue, as it contains, among other things, the following articles relating to ISO 2600:

- Comment
    - Jorge Cajazeira and Staffan Söderberg, Chair and Vice-Chair, ISO Working Group on SR: Social responsibility – Dawn of a new era
- World Scene
    - International events and international standardisation
    - Guest Interview

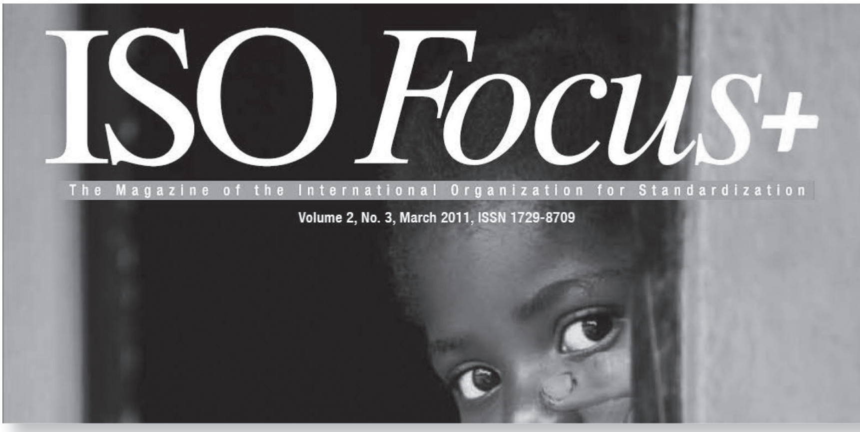


FIGURE 2.6 *ISO Focus+*, March 2011. Copyright © ISO, Reproduced by permission, all rights reserved.

  - Sergei A. Ordzhonikidze – Director-General of United Nations Office at Geneva (UNOG)
  - Special Report
  - ISO responds to a worldwide challenge – We are responsible for our actions
  - ISO 26000 on social responsibility – The essentials
  - Building bridges – Aligning SR efforts for greater leverage
  - Consumers care – Access to information for more sustainable markets
  - Developing countries – Contributing to the ISO 26000 process
  - Responsible growth – Chile's Sodimac commits to sustainability
  - Acting responsibly – Danper's commitment pays off
  - Size doesn't matter – Australian dentists get their teeth into ISO 26000
  - Promoting ISO 26000 – AFNOR's (Association Française de Normalisation) original boost for a very special standard
  - Sustainable events – Getting ready for the 2012 Olympic Games
  - Attention SMOs – ISO 26000 makes good business sense in South Africa
  - Sowing a responsible future – The African challenge
- Centrefold
  - Seven principles of social responsibility

Furthermore, it is worthwhile noting the *KPMG International Corporate Responsibility Reporting Survey 2011*, which represents the largest and most comprehensive survey of Corporate Responsibility (CR) reporting trends ever published. Included in the related research were 3,400 companies representing the national leaders from 34 countries around the world, including the 250 largest global companies.

Labelled as the definitive snapshot of CR reporting, this report can be found at www.kpmg.com/global/en/issuesandinsights/articlespublications/corporate-responsibility/pages/2011-survey.aspx.

The contents of this 36-page report are reproduced by permission of KPMG, as follows:

- Executive Summary
- KPMG Corporate Reporting Quadrants
- The State of Global Corporate Responsibility Reporting – Corporate Responsibility Reporting Comes of Age in 2011
- Measuring the Markets – Corporate Responsibility Reporting at the Country Level
- Ranking Sectors – Corporate Responsibility Reporting at the Industry Level
- Does Ownership Matter? – Corporate Responsibility Reporting by Ownership Structure
- Corporate Responsibility Reporting Metrics – A Snapshot
- The Business Imperative Behind CR Reporting – Reputation Leads the List
- Global Standards and Evolving Platforms – The Drive for Consistency and Accessibility
- The Road to Integrated Reporting – A Benchmark on Integrated Reporting
- Driving for High-Quality Data – Quantifying Quality
- The State of CR Assurance – Making the Most of Assurance
- About KPMG's Climate Change and Sustainability Services
- Methodology

2.7 ACCOUNTABILITY

The most important issue in financial and business reporting is to define the boundaries. For instance, what does the entity report on? How is that done? At this point, consider Table 2.4, which summarises the challenges that exist for anyone involved with business reporting, as might be apparent from preceding sections.

As the table shows, there are two aspects to the prevailing information flow associated with business reporting, these being financial and non-financial.

TABLE 2.4 External reporting challenges.

Financial	Non-financial
Complexity	Lack of standards
Meaningful narrative information	Lack of common terminology
Reporting on risk	Definition of 'materiality'
Reporting on executive compensation	Underdeveloped audit methodologies
Reporting on corporate governance	Controversial role of the Global Reporting Initiative
Auditing for fraud	Competing standard setters

Source: Adapted from Integrated Reporting for a Sustainable Strategy, a presentation by Robert G. Eccles and Michael P. Krzus, Rotman School of Management, University of Toronto, 12 May 2010.

In the first instance, and as is generally understood, are the challenges of increasingly complex audits, whereby evidence of fraud and assorted other risks are sought, in addition to compliance with IFRS. The associated results are reported, as are details related to executive compensation, and, increasingly, corporate governance. Generally speaking, these elements of financial reporting can be considered to be derived from IFRS.

The non-financial elements of business reporting are more problematic. For a start, there is so much duplication of data reporting because everybody is chasing objects and non-financial details differently, due to a lack of any consistency in describing the objects, and so forth. This particular issue is paid further attention in Part IV: Tracking Objects – A Paradigm Shift in Business Reporting. Underlying the added consideration, herein and in the business reporting community, are a few too many problems from which stems a further flood of information to be digested by decision makers. Plus, there is inadequate clarity. For instance, a lack of standards, and no common lexicon, adds to issues of relevance and interpretation, as does a poor appreciation in this domain about materiality. In this mix is the further issue of standard setters competing to set trends, and gain headway in that market space, if not dominate entirely.

In that latter regard, it is hard not to know something about the Global Reporting Initiative. In effect, among other things, it has become the global *de facto* standard in sustainability, although there is a great deal of focus on people-based information, such as relates to, for example, the usage of child labour. (For more on this, see www.globalreporting.org, as well as the related section in Part III of this book.) Consider, then, Triple Bottom Line Reporting, and all that this now entails when many requirements must be considered to satisfy a wide, if not vague, set of non-financial requirements.

This morass in non-financial corporate reporting has opened up opportunities for necessary guidance by standard setters, as is the case with AccountAbility. See www.accountability.org (Figure 2.6).

FIGURE 2.6 AccountAbility.

Note: Information provided in this section is reproduced by permission of AccountAbility.

This is a leading global organisation that sets the standard for corporate responsibility and sustainable development. It does so by providing innovative solutions to the most critical challenges in corporate responsibility and sustainable development. Since 1995 it has helped corporations, non-profits and governments embed ethical, environmental, social and governance accountability into their organisational so-called DNA. The unique value proposition of AccountAbility brings together leading-edge research, widely recognised standards and strategic advisory services to deliver practical solutions for clients.

AccountAbility works to:

- help its clients and members improve business performance and build sustainable competitive advantage;
- enable open, fair and effective approaches to stakeholder engagement;
- develop and recognise responsible competitiveness in companies, sectors, countries and regions;
- create effective collaborative governance strategies for partnerships and multilateral organisations that are delivering innovation and value;

- set and influence sustainability standards;
- help corporations, non-profits and governments embed ethical, environmental, social and governance accountability into their organisational DNA.

The vision of AccountAbility is of a world where people have a say in the decisions that have an impact on them, and where organisations act on and are transparent about the issues that matter. At the core of its work is the AA1000 Series of Standards based on the principles of:

- inclusivity – people should have a say in the decisions that impact on them;
- materiality – decision makers should identify and be clear about the issues that matter;
- responsiveness – organisations should be transparent about their actions.

AccountAbility's AA1000 series are principles-based standards to help organisations become more accountable, responsible and sustainable. They address issues affecting governance, business models and organisational strategy, as well as providing operational guidance on sustainability assurance and stakeholder engagement. The AA1000 standards are designed for the integrated thinking required by the low carbon and green economy, and support integrated reporting and assurance.

The standards are developed through a multi-stakeholder consultation process which ensures they are written for those they impact, not just those who may gain from them. They are used by a broad spectrum of organisations – multinational businesses, small and medium enterprises, governments and civil societies.

The AA1000 Series of Standards are as follows:

- The AA1000 AccountAbility Principles Standard (AA1000APS) provides a framework for an organisation to identify, prioritise and respond to its sustainability challenges.
- The AA1000 Assurance Standard (AA1000AS) provides a methodology for assurance practitioners to evaluate the nature and extent to which an organisation adheres to the AccountAbility Principles.
- The AA1000 Stakeholder Engagement Standard (AA1000SES) provides a framework to help organisations ensure stakeholder engagement processes are purpose driven, robust and deliver results.

AA1000 AccountAbility Principles Standard

The first of these standards, AA1000 AccountAbility Principles Standard (AA1000APS), can be obtained at www.accountability.org/standards/aa1000aps.html.

The APS principles are based on the premise that an accountable organisation will take action to:

- establish a strategy based on a comprehensive determination of all issues that are material to the organisation and its stakeholder;
- establish goals and standards against which the organisation's strategy and performance can be judged;
- disclose credible information about strategy, issues and performance to stakeholders.

Adherence to the AA1000APS principles, which have been developed using a multi-stakeholder consultation process, enables the development of a sustainable business model and strategy. The principles have been used by leading companies since 2008 and are compatible with other sets of principles in the marketplace, such as the UN Global Compact, GRI and ISO 26000.

The AA1000 Principles are summarised below.

Inclusivity

For an organisation that accepts its accountability to those on whom it has an impact and who have an impact on it, inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

Materiality

Materiality is determining the relevance and significance of an issue to an organisation and its stakeholders. A material issue is an issue that will influence the decisions, actions and performance of an organisation or its stakeholders.

Responsiveness

Responsiveness is an organisation's response to stakeholder issues that affect its sustainability performance and is realised through decisions, actions and performance, as well as communication with stakeholders.

The value of these principles lies in their comprehensive coverage and the flexibility of their application. They demand that an organisation actively engages with its stakeholders, fully identifies and understands sustainability issues that will have an impact on its performance, including economic, environmental, social and longer-term financial performance, and then uses this understanding to develop responsible business strategies and performance objectives. Being principles rather than prescriptive rules, they allow the organisation to focus on what is material to its own vision and provide a framework for identifying and acting on real opportunities as well as managing non-financial risk and compliance.

The contents of this 21-page document are as follows:

- Foreword
  - Evolution of the AA1000 AccountAbility Principles
  - Development process
  - Introduction
  - Aims and benefits of the AA1000 AccountAbility Principles
  - Scope of the standard
- Purpose of the AA1000APS
- The AccountAbility Principles
  - 2.1. The Foundation Principle of Inclusivity
  - 2.2. The Principle of Materiality
  - 2.3. The Principle of Responsiveness
  - References to the AA1000 AccountAbility Principles
- Annexes

AA1000 Assurance Standard

The second of these standards, AA1000 Assurance Standard (AA1000AS), can be obtained at www.accountability.org/standards/aa1000as/index.html.

The first edition of the AA1000 Assurance Standard was published in 2003 as the world's first sustainability assurance standard. It was developed to assure the credibility and quality of sustainability performance and reporting, and was the result of an extensive, two-year, worldwide consultation involving hundreds of organisations from the professions, the investment community, non-governmental organisations (NGOs), labour and business.

The AA1000AS (2003) superseded the information on sustainability assurance provided in the AA1000 Framework Standard published in 1999. The 2003 edition was supported by a Guidance Note on the application of the principles; and a User Note including five case studies on the application of the principles during assurance engagements.

The latest edition of the AA1000 Assurance Standard, AA1000AS, is the second edition of AccountAbility's assurance standard. It draws on the growing body of practice and experience in sustainability assurance and supersedes all previous versions published by AccountAbility.

The AA1000 Assurance Standard supports the AA1000APS principle of responsiveness, which requires public disclosure. Assurance provides an independent view on the credibility of public disclosure. The AA1000AS is compatible with the methodology of ISAE 3000, the financial accounting body standard for providing assurance on non-financial matters.

The AA1000 Assurance Standard is supported by:

- a mandatory licensing process for Assurance Providers to maintain quality control;
- the Certified Sustainability Assurance Provider (CSAP) Programme for the certification of assurance providers;
- certified global training programmes in corporate responsibility;
- CorporateRegister.com's list of AA1000AS assured reports, as well as guidance documents and free pre-check service for assurance statements using AA1000AS;
- a wide range of guidance publications.

Advantages of Using the AA1000AS (2008) In Assurance Provision are expressed below.

The AA1000AS is unique as it requires the assurance provider to evaluate the extent of adherence to a set of principles rather than simply assessing the reliability of the data. The AA1000AS requires the assurance provider to look at underlying management approaches, systems and processes and how stakeholders have participated. Using the AA1000AS, the assurance provider evaluates the nature and extent to which an organisation adheres to the AccountAbility Principles in the AA1000APS.

The AA1000AS delivers a rigorous process that adds value to both the company and external stakeholders. The AA100AS is a principles-based standard that provides a rigorous framework for sustainability assurance while at the same time providing enough flexibility to adapt to the context of the individual organisation. It provides findings and conclusions on the current status of an organisation's sustainability performance and provides recommendations to encourage continuous improvement. It is not a certification standard which leads to a pass or fail, and so can be used by organisations at all stages of maturity.

The contents of this 28-page document are as follows:

- Foreword
  - Evolution of the AA1000 Assurance Standard
  - Development process
- Introduction
  - Aims and benefits of AA1000AS sustainability assurance
  - Scope of the standard
- Purpose of the AA1000AS
- Using the AA1000AS
  - Types of AA1000AS engagement
  - Levels of AA1000AS assurance
  - References to the use of the standard
  - Relationship to other standards and guidance
- Accepting an AA1000AS Engagement
  - Scope of the engagement
    - Disclosures covered
    - Suitable criteria
    - Level of assurance
  - Independence and impartiality
  - Competence
    - Assurance practitioner competence
    - Assurance provider competence
  - Due care
  - Engagement Agreement (contract)
- Conducting an AA1000AS Engagement
  - Planning the engagement
  - Performing the engagement
    - Evaluation of adherence to the AA1000 AccountAbility Principles
    - Evaluation of specified sustainability performance information
    - Limitations
    - Documentation
  - Reporting by the assurance provider
    - Assurance statement
    - Report to management
- Definitions
- Annexes

AA1000 Stakeholder Engagement Standard

The third of these standards, AA1000 Stakeholder Engagement Standard (AA1000SES), can be obtained at www.accountability.org/standards/aa1000ses/index.html.

The AA1000 Stakeholder Engagement Standard has been designed to be multi-purpose, not just for sustainable development, and can be used by businesses, civil society, public bodies and multi-stakeholder networks and partnerships. A comprehensive, hands-on manual for practitioners is currently under development.

Professor Oren Perez of Bar Ilan University, Israel, recently published a discussion paper into the Wiki Process that is used to manage the revision of the AA1000SES. The paper entitled 'Innovation and Disillusionment in E-Democracy Projects: AccountAbility's Second Wiki-Based Consultation Process', is available at www.accountability.org/standards/aa1000ses/index.html

The contents of this 52-page document are as follows:

- Foreword
- Introduction
- Purpose and Scope of the AA1000SES
- Commitment and Integration
  - Commit to the AA1000 AccountAbility Principles
  - Integrate with governance
  - Integrate with organisational strategy and operations management
- Purpose, Scope and Stakeholders
  - Establish the purpose of the engagement
  - Establish the scope of the engagement associated with the purpose
  - Determine the mandate, ownership and stakeholders of the engagement
- Engagement Process
  - Plan
    - Profile and map stakeholders
    - Determine engagement level(s) and method(s)
    - Identify boundaries of disclosure
    - Draft engagement plan
    - Establish indicators
  - Prepare
    - Mobilise resources
    - Build Capacity
    - Identify and prepare for engagement risks

    - Implement the engagement plan
        - Invite stakeholders to engage
        - Brief Stakeholders
        - Engage
        - Document the engagement and its outputs
        - Develop an action plan
        - Communicate engagement outputs and action plan
    - Review and improve
        - Monitor and evaluate the engagement
        - Learn and improve
        - Follow up on action plan
        - Report on engagement
- Annexes
    - Definitions
    - The AA1000 Series
    - The AccountAbility Stakeholder Engagement Technical Committee
    - About AccountAbility

The issue of proper stakeholder management, to which this standard refers, is made quite clear in Figure 2.8, which highlights the need for clarity as to the definition of boundaries related to business reporting entities. By so doing, the significant risks or impact of improper boundaries and resultant, poor reporting are reduced, or negated entirely.

Figure 2.8 illustrates the dimensions of significance on the vertical axis, and control along the horizontal axis. Thereby, reporting boundaries and the priority entities for monitoring can be situated. Business entities in the top right-hand quadrant, for example, having high risk/impact and high level of control, are priorities for proper consideration for reporting purposes. Typical examples of significant control or influence include a business subsidiary, where the reporting organisation has operational responsibility for a joint venture (regardless of the actual equity ownership), or a buying relationship where the company accounts for a substantial portion of total sales by the supplier.

While the definition of 'control and influence' may be clear, in terms of legal and financial accounting rules, the determination of 'significant impact' may involve more qualitative considerations, such as stakeholder perceptions of impacts, alongside scientific analysis of cause and effect relations. For more details, see *TEEB For Business Report*, 2010, Chapter 3, 'Measuring and reporting biodiversity and ecosystem impacts and dependence', as at www.teebweb.org.

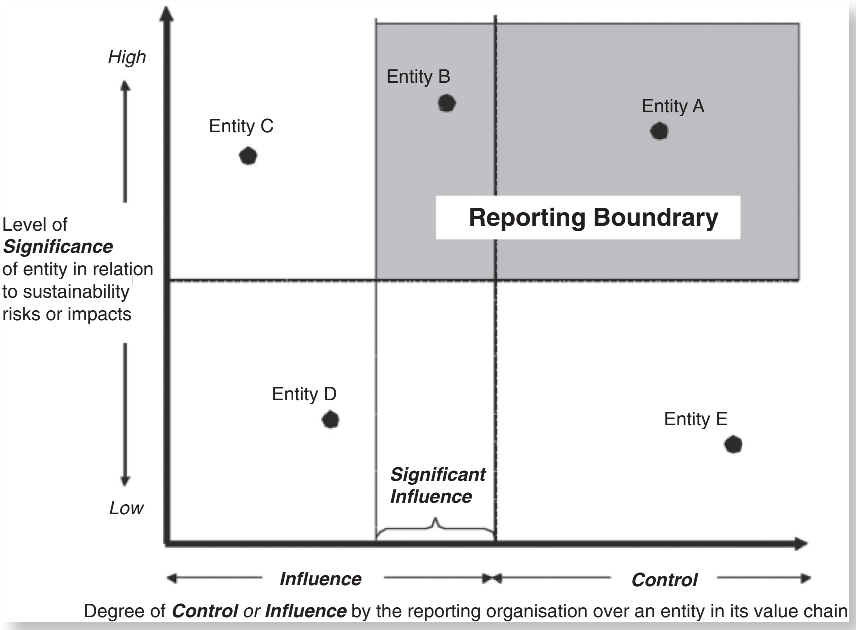


FIGURE 2.8 Visual tool to define a reporting boundary.

Source: Adapted from *TEEB For Business Report*, 2010, Chapter 3, 'Measuring and reporting biodiversity and ecosystem impacts and dependence', Table 3.1 page 7, see *The Economics of Ecosystems and Biodiversity*, www.teebweb.org.

Note: Kurt Ramin, co-author of this book, participated in the preparation of the aforementioned *TEEB For Business Report*.

Standards terrain – a comparative view

Given that standards, in effect, are tools that drive the performance of organisations, it is useful to see a comparative view of the standards terrain. This is presented in Figure 2.9, which is particularly instructive in making sense of how identifiable standards are placed.

As is evident from the preceding figures, various standards can be seen in relation to each other, and in particular, how these are situated in terms of being a focus that, as per the vertical scale, is:

- Social and Ethical;
- Environmental;
- Financial/Economic.

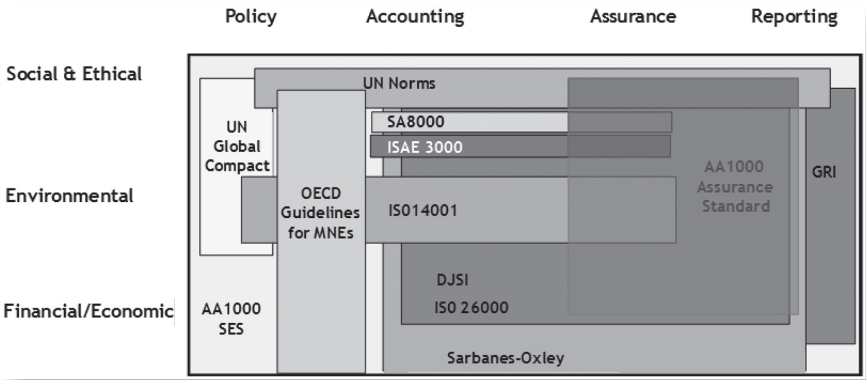


FIGURE 2.9 A comparative view of the standards terrain.

Source: Internal presentation, AccountAbility, www.accountability.org. Reproduced by permission of Accountability.

In addition, as per the horizontal scale representing aspects associated with business reporting, standards can be seen in relation to the associated focus on:

- Policy;
- Accounting;
- Assurance;
- Reporting.

Of particular interest is the overall reach of the AA1000 Stakeholder Engagement Standard, and the targeted AA1000 Assurance Standard, both of which are featured in preceding subsections.

2.8 OTHER STANDARDS

In addition to standards presented earlier, others are worthy of note:

- private and voluntary standards;
- environmental standards.

Private and voluntary standards

As opposed to public standards, such as those that appeared in earlier sections of this book, there are numerous private and voluntary standards that are developed by assorted non-government organisations, industry associations and companies. Consider the wide range of these additional standards:

- product or industry-specific (such as Fair trade, Forest Stewardship Council (FSC) and Marine Stewardship Council (MSC));
- generic/cross-sectoral (such as GlobalGap and Business Social Compliance Initiative (BSCI));
- corporate and retail (such as Wal-Mart and IKEA);
- licensing/labelling initiatives (such as Rainforest Alliance and Green Seal).

This scenario is presented in Figure 2.10.

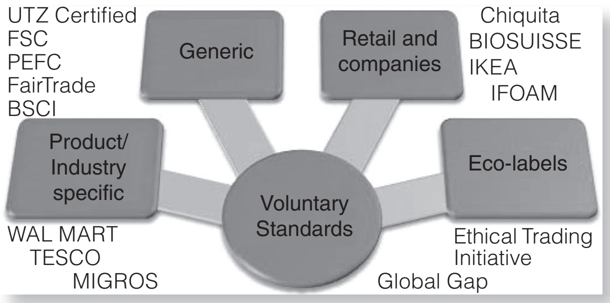


FIGURE 2.10 Standards Landscape.

Source: Adapted from AccountAbility, as at www.accountability.org.

A critical issue, of course, is that the voluntary nature of the so-called private standards is that these, unlike public standards, are not legally required by national governments, or by multilateral regulations. As might well be apparent at this point, there are many private and voluntary standards that have an influence on global business reporting. It is well worth knowing that such standards are tracked by Standards Map, which is the web-based portal of the International Trade Centre (ITC) Trade for Sustainable Development (T4SD) programme and a partnership-based effort to enhance transparency on voluntary standards, as well as to increase opportunities for sustainable production and trade. The T4SD programme is supported by BMZ (Bundesministerium für wirtschaftliche Zusammenarbeit), the German Federal Ministry for Economic Cooperation and Development, SECO, the Swiss State Secretariat for Economic Affairs and the European Commission – Directorate General Trade.

For the homepage of this fascinating entity, go to www.standardsmap.org.

Principally, Standards Map is an online tool that enables analyses and comparisons of private/voluntary standards. The Standards Map analysis tool can be accessed by all registered users. Registration is free of charge for all users from developing countries.

Standards Map aims to increase opportunities for sustainable production and trade. Understanding and adhering to private standards is increasingly important in the current competitive market place, and this tool will help you better understand how to optimise these developmental benefits. The T4SD portal is designed to enhance opportunities for sustainable production and trade and, therefore, in addition to Standards Map, also available are Trade Map, Investment Map and Market Access Map.

Information sources and availability

The Standards Database (SD) contains data sheets that are generated via the Standards Map Content Management System. Each data sheet corresponds to one standard system, it is quality controlled by external experts and then verified by the standard organisation itself.

The scope and coverage of SD is continuously evolving, as new partnerships with standards organisations are initiated regularly. In addition, the research database currently includes information on over 250 research papers and studies, and a hyperlink at that site provides an overview of the scope and coverage of the Research Database broken down by standard system and product/sectors reviewed in each research paper or study. It is also interesting to note that the T4SD Technical Committee has developed a methodology to identify and select research papers and studies to be referenced in Standards Map. This methodology can be accessed, too.

Here is a list of all participating standard initiatives in relation to the Standards Database:

- 4C Association
- Associação Brasileira de Normas Técnicas (ABNT) Ecolabel
- Alliance for Responsible Mining — ARM
- Better Cotton Initiative — BCI
- Bonsucro — Better Sugar Cane Initiative
- BRC Global Standards — Food
- Business Social Compliance Initiative
- CanadaGAP

- Carbon Trust — Carbon Reduction Label
- China Environmental Labelling — CEL
- China Organic Product Certification Standard
- Clean Clothes — Code of Labour Practices
- Climate, Community & Biodiversity Standards — CCB Standards
- Cotton Made in Africa
- Council on Sustainable Biomass Production — CSBP
- CSC9000T
- Ekolabel Indonesia
- Ethical Tea Partnership — ETP
- Ethical Trading Initiative — ETI
- Fair Flowers Fair Plants — FFP
- Fair Labour Association — FLA
- Fair Wear Foundation
- Fairtrade — FLO
- FairWild
- Florverde
- Flower Label Programme — FLP
- Food Alliance
- Food Justice Certified
- Forest Stewardship Council — FSC
- Food Safety System Certification — FSSC22000
- Global Aquaculture Alliance — BAP Standards
- Global Food Safety Initiative — GFSI
- Global Organic Textile Standard — GOTS
- Global Red Meat Standard — GRMS
- Global Reporting Initiative — GRI
- Global G.A.P Standard (CPCC)
- The Gold Standard
- GoodWeave
- Green Choice Philippines
- Green Seal
- Green Label Thailand
- Green-e
- Hong Kong Green Label
- International Federation of Organic Agriculture Movements (IFOAM) Basic Standards
- Impact Reporting and Investment Standards — IRIS
- International Council of Toy Industries — ICTI

- International Council on Mining and Metals — ICMM
- International Featured Standards — IFS
- International Sustainability & Carbon Certification — ISCC
- KRAV
- LEAF Marque
- Marine Stewardship Council — MSC
- MPS ABC
- PEFC International
- People 4 Earth
- PrimusGFS
- ProTerra Standard
- Rainforest Alliance — Sustainable Agriculture Network (SAN)
- Responsible Jewellery Council — RJC
- Roundtable on Responsible Soy — RTRS
- Roundtable on Sustainable Biofuels — RSB
- Roundtable on Sustainable Palm Oil — RSPO
- Singapore Green Label Scheme
- Social Accountability International — SA8000
- SOCIALCARBON
- Soil Association Organic Standard — SA
- Safe Quality Food (SQF) Programme
- Sustainable Forestry Initiative — SFI
- TerraChoice — the EcoLogo Programme — UL Environment
- Union for Ethical BioTrade — UEBT
- UTZ Certified Good Inside
- Verified Carbon Standard — VCS
- World Fair Trade Organization — SFTMS
- Worldwide Responsible Accreditation Production — WRAP

This list is not exhaustive. For instance, additional standards that have an effect on business reporting are environmental standards, which are addressed in the next section.

Environmental standards

In much the same way as standards have evolved in a private and voluntary sense, as seen in the previous section, environmental standards have become fundamental to business operations and business reporting. In addition, as seen in public standards presented earlier, environmental considerations are not overlooked. For instance, environmental consideration, particularly in the event of an environmental catastrophe, exists in the preparation of disclosures and the System of National Accounts referring to environmental accounting, and accounting for environmental degradation. Furthermore, there are standards that most governments, and related agencies, now employ in managing the global biosphere in which we live. This is especially apparent in relation to the standards related to greenhouse gas emissions, a matter that is cross-border, transnational and intercontinental.

As mentioned previously, ISO Standards for products are designed, among other thing, to ensure environmental friendliness, such as greenhouse gas/carbon footprint measurements, verification and validation promoted in the ISO 14064 and 14065 series. In addition, there is guidance on social responsibility provided by ISO 26000.

Given the increasing significance of environmental issues, and the need for curtailing standards, it is worthwhile revisiting the ISO document, *GHG schemes addressing climate change – How ISO standards help*, released in January 2011, and available at www.iso.org/iso/ghg_climate-change.pdf.

Against the background of a proliferation of greenhouse gas (GHG) programmes launched to tackle climate change, ISO seeks to bring clarity by providing an overview of the different schemes and describing the practical role that GHG metrics standards, such as ISO 14064, can play. This is not a normative ISO document but provides perspectives on the use and application of leading ISO GHG standards.

The principal authors are Tom Baumann, CEO of ClimateCHECK and Co-founder of the Greenhouse Gas Management Institute, and Anja Kollmuss, Staff Scientist at the Stockholm Environment Institute. Their collective effort, as per the introduction, affirms:

- standards will play an increasingly important role in moving societies and economies to a more climate-safe development path;
- standards can provide clear guidelines, help structure processes and set quality norms for the rapidly developing field of GHG management.

In doing so, standards help to facilitate new green technology markets and more energy-efficient and profitable business practices.

ISO developed this publication to raise awareness and demonstrate the benefits of pro-active business and other stakeholder engagements in climate mitigation. ISO GHG standards, such as ISO 14064 and ISO 14065, were given coverage by international climate organisations, including the International

Emissions Trading Association (IETA) and the United Nations Framework Convention on Climate Change (UNFCCC), as potential foundational standards for harmonising other standards and programmes.

The introduction to the publication also notes: 'Vast new business opportunities will emerge to create low-carbon economies that are more energy efficient and profitable. It is time to prepare for this transition and take advantage of the new markets and industries that will shape the global economy in the coming decades.'

This document provides information to potential users of GHG standards and programmes, and covers the following issues:

- overview of the climate change context including a map of available GHG standards, as well as those currently in development;
- information on how GHG standards, such as ISO 14064, can provide the tools for implementing climate mitigation and adaptation strategies;
- the future of GHG standards and how they can promote a faster up-take of new green technologies and low-emission practices;
- opportunities to enhance current GHG standards and standards development;
- proposed changes that would address challenges and help maximise the effectiveness of GHG standards in moving the world to a more sustainable future.

The contents of this mere 50-plus-page publication are as follows:

- Introduction
- Climate change update
- Addressing climate change – Role of GHG standards
- ISO's contribution to environmental and climate change standards
  - Development of ISO standards
  - ISO's environmental standards
  - ISO's contribution to addressing climate change
  - ISO's greenhouse gas management standards
- Overview of GHG programmes and standards
  - Programmes for Nationwide GHG emission reporting
  - Organisation-/ entity-wide GHG emissions standards
  - Corporate disclosure standards
  - GHG offset project programmes and standards
  - Product-specific and supply chain GHG programmes and standards
  - Standards for validation and verification of GHG emissions and reduction assertions

- Standards and GHG practitioners
- Experience with the use of ISO GHG standards
- Meeting the demand for other GHG management standards
- The road ahead for GHG standards
- Glossary

What is of particular interest here are the last two sections, as precede the glossary. For instance, it is apparent that there is a real, and worthy, challenge in improving the standards when so many others exist, which must work together. Essentially, these must be streamlined and integrated, especially when international recognition is a laudable and necessary goal. Still, the development process has a number of obstacles, such as inadequate funding.

Also, with regard to emerging GHG standards, as the response to climate change evolves beyond the more traditional areas of GHG inventory and offset project verification, there will be a growing focus on developing GHG standards to address new areas, such as:

- product-level and supply chain accounting, for example, ISO 14067, WRI/WBCSD GHG Protocol for Product/Supply Chain Accounting;
- corporate disclosure, for example, the Carbon Disclosure Standards Board Reporting Framework in response to the needs of investors and the financial industry;
- professional and personnel standards, for example, ISO 14066, supplemented by additional competency requirements for practitioners in specific sectors (e.g. agriculture, energy efficiency) and function (e.g. accounting, auditing, management). Professional codes of conduct and supporting policies and requirements are also being developed by, for example, the Greenhouse Gas Management Institute;
- verification standards, for example, sector-specific verification standards to improve verification while reducing costs, and at the general level by the accounting profession.

As per the conclusion, human societies must learn to live within the boundaries of the Earth's resources. In aspiring for that practical and crucial outcome, standards will play an important part in helping to ensure a fast and efficient transition to a climate-safe and sustainable world.

2.9 ONEREPORT

In addition, it is interesting to note that the muddle mentioned previously, in relation to the various financial and non-financial issues confronting businesses, has given rise to dedicated service providers that streamline the sustainability reporting process, as does OneReport (see www.one-report.com), which helps to:

- collect and manage data;
- respond to investment research firms and the Global Reporting Initiative (GRI) reporting guidelines – simultaneously;
- distribute data to the financial community;
- publish data to the Web.

Essentially, OneReport is a web-based sustainability reporting solution that enables companies to centralise all reporting functions, and professes to reduce the cost of reporting and deliver more timely and accurate data. Clearly, such help is beneficial to any who seek to gain some sort of assistance in the confusion that can swamp people who must report to stakeholders.

In amidst the external reporting issues raised earlier, and as a direct consequence of these, there is scope for considerable interpretation, as well as so-called spin, in delivering on measures that can be entirely irrelevant. If all of that was not enough, and perhaps a consequence of the confusion, non-financial audit methodologies are entirely underdeveloped, and this will add a dash of concern to anyone reliant on the related outcomes.

2.10 TAXATION

Taxation is ever present, and never likely to go away. Consequently, it is necessary to acknowledge the existence and the persistence of taxation, particularly when it can have an immense impact on financial reporting and, thus, business reporting in general. This is especially the case when any business entity has cross-border dealings or international operations. In circumstances of that type, the ready hand of governments is to be found.

Of particular interest, in the context of this book, is the massive amount of tax-related data that is collected, with much of it focusing on valuation, and handled by millions of tax auditors worldwide. The related complexity, due to nation-specific laws, rules and regulations, makes life particularly difficult for anyone associated with tax reporting.

For an indication of the problems, it is beneficial to see the related service offerings of reputable accounting firms, such as Deloitte, as at www.deloitte.com/taxguides.

There, it states that the increasing number and variety of business transactions undertaken by companies in today's global economy create both challenges and opportunities. Whether a company already operates in multiple jurisdictions or seeks to expand globally, access to accurate and timely information on taxation and other business conditions is critical.

Therefore, two tax series are available: the Guides, which provide extensive reviews of the tax systems of the major trading jurisdictions, and the Highlights, which provide high-level overviews covering over 130 countries. As an indication of differences, refer to Table 2.5, relating to different tax rates.

TABLE 2.5 Tax rates in different jurisdictions.

Jurisdiction	Statutory (%)	Surtax (%)	Local (%)	Effective (%)	Branch tax (%)
Argentina	35	–	–	35	35
Australia	30	–	–	30	30
Austria	25	–	–	25	25
Belgium	33	3	–	33.99	33
Brazil	34	10	–	34	34
Bulgaria	10	–	–	10	10
Canada	15	–	10–16	25–31	25
Chile	18.5	–	–	18.5	18.5
China	25	–	–	25	25
Colombia	33	–	–	33	33
Cyprus	10	–	–	10	10
Czech Republic	19	–	–	19	19
Denmark	25	–	–	25	25
Ecuador	23	–	–	23	23
Estonia	21	–	–	21	21
Finland	26	–	–	26	26
France	33.33	3.3	–	34.43	33.33/25
Germany	15	5.5	14/17	30–33	15
Gibraltar	10	–	–	10	10

(continued)

TABLE 2.5 *(continued)*

Jurisdiction	Statutory (%)	Surtax (%)	Local (%)	Effective (%)	Branch tax (%)
Greece	20	3	–	20	20
Hong Kong	16.5	–	–	16.5	16.5
Hungary	10/19	–	0–2	10/19	10
Iceland	20	–	–	20	20
India	30/40	5	–	32.445/42.024	40
Indonesia	25	–	–	25	25/20
Ireland	12.5	–	–	12.5	12.5
Israel	25	–	–	25	25
Italy	27.5	–	3.9	Varies	27.5
Japan	30	–	Varies	41	30
Kazakhstan	20	–	–	20/30	20/15
Korea (R.O.K.)	22	–	2.2	24.5	22/5–15
Latvia	15	–	–	15	15
Lithuania	15	–	–	15	15
Luxembourg	21	–	6.75	28.8	21
Malaysia	25	–	–	25	25
Malta	35	–	–	35	35
Mauritius	15	7.5	–	3	15
Mexico	30	–	–	30	30
Netherlands	25	–	–	25	25
New Zealand	28	–	–	28	28
Nigeria	30	–	–	30	30
Norway	28	–	–	28	28
Peru	30	–	–	30	30/4.1
Philippines	30	10	–	30	30/15
Poland	19	–	–	19	19
Portugal	25	3/5	0–1.5	29.5–31.5	25
Romania	16	–	–	16	16
Russia	20	–		20	20
Saudi Arabia	20	2.5	–	20	20
Singapore	17	–	–	17	17
Slovakia	19	–	–	19	19

Jurisdiction	Statutory (%)	Surtax (%)	Local (%)	Effective (%)	Branch tax (%)
Slovenia	20	–	–	20	20
South Africa	28	–	–	34.545	33
Spain	30	–	0.01–0.75	30	30/21
Sweden	26.3	–	–	26.3	26.3
Switzerland	8.5	–	0–18	7.8	8.5
Taiwan	17	10		17	17
Thailand	23	–	–	23	23
Turkey	20	–	–	20	20
Ukraine	21	–	–	21	21
United Kingdom	26	–	–	26	26
United States	35	–	0–12	39.5	35
Uruguay	25	–	–	25	25
Venezuela	34	–	0.5–10	15–34	15–34
Vietnam	25	–	–	25	25

Source: Adapted from www.dits.deloitte.com/DomesticRates/domesticRatesMatrix.aspx.

Of course, tax differentials facilitate international business developments. Subject to the results of comparative risk assessment, lower tax rates attract foreign direct investment.

Still, it must be said that the tax system has a costly component, which is often the case when related laws and assessment processes are exceedingly complex. For instance, anecdotal evidence suggests that as many as two million people in Germany are involved with all aspects of tax, from education to collection and assessment, including advisors, lawyers and enforcers.

The extent to which countries will align their income tax regulations with IFRS is an open question, even though there would be better alignment of valuations (such as transfer-pricing), enforcement (and audit efficiencies), as well as improved understanding and education. Additional benefits would also arise from increased use of XBRL, especially in relation to tax-based compliance reporting, as well as the filing of tax returns.

PART THREE

XBRL – Using Technology to Implement Standards

TIPS FOR READERS

The advance of the digital age has spawned an outstanding technological standard that partners perfectly with IFRS. Specifically, XBRL (eXtensible Business Reporting Language) is a free software tool that provides the means by which financial information can be collected, collated, transmitted and analysed with remarkable rapidity and accuracy.

As a direct consequence of proven efficiencies and significant cost savings, numerous corporations and governments have implemented XBRL for internal and external purposes, such as in relation to inter-business transactions and compliance reporting.

Essentially, XBRL facilitates the organisation of financial information, as per IFRS, so as to make it easier for all concerned in any business reporting process. Even so, it is noteworthy that non-financial standards exist, and are growing in number, which has prompted the XBRL community to build non-financial components.

Overall, and aside from business reporting preparation and distribution, XBRL has become an integral part of a massive service industry that accesses, reads, analyses, compares, rearranges and creates assorted financial reports for a wide and growing market that is hungry for reliable information.

Summary

The first section introduces XBRL, discusses the benefits of this standard and identifies major users of XBRL worldwide. It also provides an introduction to XML, which is the technical basis of XBRL. The second section addresses the partnership of XBRL and IFRS, and reflects upon achievements to date. This section also introduces the integral taxonomy, the matter of IFRS translation, and provides a list of support materials, including a glossary of XBRL-related terminology. Future steps are considered in relation to XBRL and the acceptance of this standard by prospective users.

The third section refers to the organising and collection of data and shows examples of illustrative financial statements. The Global Reporting Initiative (GRI) is introduced, along with integrated reporting and the proven prospect of collaborative content analysis. The fourth section looks into systems that are used to organise and collect data, such as enterprise resource planning (ERP). Discussion about opportunities to integrate and track objects concludes that section.

Target audience

The overall concept map shown in the introduction indicates the necessary breadth and depth of elements contained in this book, which are fundamental in supporting current and expected thoughts of a new reporting paradigm. Accordingly, we can see that the various sections of this book are likely to be of particular significance to some people more than to others. Readers who are expected to have an affinity with, and interest in, Part III of this book include:

- accounting practitioners
- developers of business reporting
- deliverers of business reporting
- standard setters
- IT professionals
- auditors
- senior executives
- senior bureaucrats
- finance professionals
- academics
- students
- company directors
- government officers
- politicians
- government ministers.

CHAPTER ONE

XBRL

XBRL IS A SIGNIFICANT INITIATIVE in the finance and accounting community as it has the capacity to partner productively with IFRS in the reliable and rapid development, and delivery of business reports. It is an influential agent of change and one that cannot be overlooked in terms of its implications and impact, whether within any reporting entity or when considered more broadly, such as in any inter-organisational or international capacity.

XBRL enables the control of information flows through open-source technology by binding business (financial and non-financial) data requirements and technical functions, including systems and platforms. XBRL provides a means of describing and defining business and financial information, enabling its transfer and enhanced analysis. This may also affect existing auditing and assurance processes intended to increase users' trust in reported data.

XBRL can handle data in different accounting standards and present it in various languages. It is flexible and can be adapted to meet different requirements and uses. Data can be transformed into XBRL by suitable mapping tools or it can be generated in XBRL by appropriate software. It acts as an intelligent chart of accounts. In fact, by using numbers, just similar to a global chart of accounts, a reader is able to consume data in any language.

For information related to XBRL, in addition to what is presented in this section, see www.xbrl.org (Figure 1.1).

Note that screenshots and text related to XBRL in this book are reproduced by permission of XBRL International.

It must be emphasised that XBRL is not software. It is a standard, much like others discussed in previous sections, although in this instance it is a standard related entirely to the exchange of business information. In much the same way as electronic text is sent and received, with ease, between differing computer systems, XBRL achieves this for financial data. More specifically, XBRL defines the various numeric and non-numeric elements of financial information that constitute the following business reports:

- Statement of Financial Position, also known as a balance sheet;
- Statement of Comprehensive Income, also known as a profit and loss statement;

FIGURE 1.1 An overview of XBRL.

- Statement of Cash Flows, also known as a funds flow statement;
- Statement of Changes in Equity.

Certainly, one use of XBRL is to define and exchange financial information, such as a financial statement. In so doing, computerised systems that follow the same definitions can, very easily, receive and analyse such data. From a technical perspective, XBRL is based on XML (Extensible Mark-up Language), the standard that establishes the rules for encoding documents so that they are machine readable, which helps to make Internet traffic possible. (See more about XML in the next section.)

The fact that XBRL is extensible (meaning that it is extendible) relates to its flexibility in handling extensions to the core specifications in order to suit the particular needs of users in different countries, industries or companies. In other words, the use of XBRL does not imply an enforced standardisation of financial reporting; on the contrary, its flexibility supports all current aspects of reporting in different countries and industries. Its extensible nature means that it can be adjusted to meet particular business requirements, even at the individual organisation level. For more details, see www.xbrl.org/benefits-and-uses.

Regardless of extensions to XBRL, as already suggested, any subsequent exchange of data would also necessitate the usage of mutually agreed rules and definitions. This is referred to as XBRL taxonomies, a term that has origins in biology, and refers to the identification, naming and classifying of organisms. In relation to business reporting, therefore, XBRL classifies, categorises and thus organises financial data (whether numeric or non-numeric) by giving unique identities to each group, subgroup or line item.

This process is referred to as tagging in that each piece of data has a tag attached that is recognised by computer systems. XBRL, therefore, is very much about the tagging to ensure that data is sent and received in a reliable way. This manner of tagging also defines reporting concepts and relationships between concepts so that, say, tagged line items in a particular report will always be associated with that report.

In addition, company-related information is embedded in the data, as is a time code so that data for the same line item, but for different reporting periods, are not confused in any way. The same can be said for same data that has different corporate origins, whether operating units in the one company or where various corporations are concerned.

Essentially, XBRL is similar to Legal XML standards, and e-COURT projects, that enable the justice and public safety community to effectively share information at all levels, thereby laying the foundation for local, state and national justice interoperability. However, as suggested earlier, XBRL is the language for business.

Concepts and definitions (very similar to object identification) are pieced into structured data in the form of taxonomy. The taxonomy is a list of computer-readable tags in XBRL that allows companies to label precisely the thousands of pieces of financial data that are included in typical long-form financial statements and related footnote disclosures. The tags allow computers to automatically search for, and assemble, data so it can be readily accessed and analysed by investors, analysts, journalists and regulators.

XBRL is a freely available, market-driven, open, global standard for exchanging business information. It allows information modelling and the expression of semantic meaning commonly required in business reporting. XBRL is XML-based. It uses the XML syntax and related XML technologies such as XML Schema, XLink, XPath and Namespaces to articulate this semantic meaning.

It also needs to be reiterated that, as with other international standards, XBRL is freely available and market driven, in as much as it is supported by many entities and individuals worldwide. The overarching entity responsible for coordinating the diverse support base, as well as for developing, publishing and distributing XBRL specifications, is XBRL International Inc. (XII). See www.xbrl.org/AboutXBRL.

As an interesting aside, the roots of XML (and, therefore, of XBRL) can be traced to Charles P. Goldfarb, a lawyer working for IBM, who created SGML (Standard Generalized Mark-up Language). The World Wide Web Consortium (W3C) developed these concepts further. XML is self-descriptive, thanks to DTD (Document Type Definition) or XML schemas that define the data about the data (metadata) in form of tags. Given the importance of understanding XBRL, the following section provides an introductory guide to XML.

1.1 XML – THE TECHNICAL BASIS OF XBRL

For the purposes of understanding XBRL, it is worthwhile for interested readers to gain some fundamental knowledge of XML (Extensible Markup Language). After all, electronic business is the future of all business, and XML is the key ingredient. The benefits of XML can be summed up in one statement: Speed – Storing, Publishing and Exchanging Electronic Documents.

Basically, XML, as the full name suggests, is am language understood by computers, as is used to transmit data. This can occur even if the computers (such as the hardware thereof, as well as operating systems, are not at all compatible. The same can be said for transmitting data across boundaries, and between people of different language backgrounds. In addition, the way that XML is displayed makes it easy for people to understand XML, too.

For instance, XML uses tags. These are user-generated and can be common words that are familiar to us in our daily lives, and appear in XML as follows:

<Name>
<Address>
<Telephone number>

Each of these tags, then, becomes the means by which data is captured, collected and manipulated. A simple example of how XML tags appear in computing is presented below.

```
<Address>
  <Name>
  <FirstName> Charles </FirstName>
  <LastName> Stevens </LastName>
  </Name>
  <Phone>
  <business> 555-373282 </business>
  <home> 555-569233 </home>
  <mobile> 555-745673 </mobile>
  </Phone>
  </Address>
```

In addition, and beyond what we need to know here, is the ability for XML to join tags so that names and contact details, for example, can be combined. We can add assorted other pieces of information, too. In financial terms, we can see how we would be able to add invoice amounts and terms of payment.

For additional information about XML, see *The XML Shockwave – What every CEO needs to know about the key technology for the new economy* was written by Berthold Daum and Chris Horak and published in 2000 by Software AG, a world leader in enterprise management software (see www.

softwareag.com). This 88-page publication still offers a remarkably clear summary of XML. It includes so-called buzzwords related to XML, as well as XML-based Web applications, such as electronic data interchange, plus information about XML technology, including databases, application engineering and integration.

The XML Shockwave provides a guided tour and comprises a compact executive summary containing information about XML from a business perspective, including companies leveraging the power of XML. The following is a brief summary:

- Electronic business is the future of any business and XML is the key ingredient to it;
- The power of XML is that it facilitates the definition of common industry-specific standards for information exchange;
- XML continues to develop;
- If you don't know enough about XML, your business might be outpaced by the major revolution XML will introduce to business practices;
- XML enables the storage, publishing and exchange of electronic documents, which is the foundation for any kind of electronic business;
- XML is becoming the major enabling technology for supply chains, sales channels and electronic markets;
- Like a chameleon, an XML document can adopt many different presentation styles;
- XML will become the base technology for mobile connectivity;
- XML is breeding a completely new generation of tools, middleware and DBMSs that will co-exist with today's transaction- and SQL-based systems.

In the context of this introduction to XML, especially as examples related to formatting of commonly seen details, Figure 1.2 shows the reverse of a business card used by one of the authors of this book when he was chairman of XBRL International.

As an interesting aside, in addition to the XML tags for name, title and email address, note the concluding line. This business card, although years old now, shows the location of Kurt Ramin's XBRL office in terms of longitude and latitude. That tag provides details of a specific, and unique, geographical address. Certainly, for any readers who have wrestled with businesses and websites that lack international sensitivity, a unique location identifier like this

```
<xmlns:xbrl = "http://www.xbrl.org">

<name>Kurt Ramin</name>

<position>Emeritus Chairman, XBRL International</position>

<email>kramin@iasb.org</email>


        <location> 51° 30'44" N 0° 05'41" W </location>
```

FIGURE 1.2 Business card with XML tags.

has the potential to do away with confusion and cost associated with poorly addressed correspondence or deliveries.

1.2 BENEFITS OF XBRL

Evidence from XBRL projects demonstrates a positive impact in a number of areas for businesses and other entities that implemented the standard, due, primarily, to a significant reduction in the reporting burden. Overall, XBRL provides many benefits, such as:

- Increased data quality;
- Elimination of duplicated data;
- Minimised, if not entirely removed, re-keying of data;
- Increased speed of processing;
- Streamlined reporting processes;
- Automated data handling;
- Reduced compliance costs;
- Reduced regulatory burden;
- One-time filing;
- Binding of disparate information systems;
- Reduced operating cost;

- Reduced cost of reporting;
- Faster data collection, analysis and reporting;
- Enhanced competitive advantage;
- Reduced audit costs;
- Reduced risks due to increased data integrity.

This list is not by any means all-encompassing. Even so, it must be noted that this does not overstate the potential benefits of any entity that implements XBRL. Essentially, the greater the extent to which any organisation integrates XBRL, the greater the benefits are likely to be. This significant advantage is considered in more detail next.

Most certainly, XBRL offers major benefits at all stages of business reporting and analysis. The benefits are seen in automation, cost saving, faster, more reliable and more accurate handling of data, improved analysis, and better quality of information and decision making.

XBRL enables producers and consumers of financial data to switch resources away from costly manual processes, typically involving time-consuming comparison, assembly and re-entry of data. They are able to concentrate effort on analysis, aided by software which can validate and manipulate XBRL information. As just one example, searches for particular information which might in the past have taken hours can be completed with XBRL in a fraction of a second.

Those who stand to benefit include anyone who collects business data, including governments, regulators, economic agencies, stock exchanges, financial information companies, and so on, and those who produce or use it, including accountants, auditors, company managers, financial analysts, investors and creditors. Among those who can take advantage of XBRL are accountancy software vendors, the financial services industry, investor relations companies and the information technology industry. The positive effect of XBRL upon these types of organisations is considered further next.

Corporate reporting

Companies of all sizes can gain benefits from XBRL. By using XBRL, companies will be able to:

- save costs by preparing data in one form and automatically generating many outputs;
- avoid re-keying of data and other manual tasks;

- consolidate results across divisions and subsidiaries with much greater speed and reliability;
- improve accuracy and reliability of financial data;
- focus effort on analysis, forecasting and decision making, rather than on laborious tasks in gathering, compiling and preparing data;
- achieve quicker and more efficient decisions;
- make more effective use of the Internet in communicating with investors. Companies will benefit from the growing importance of websites as a means of communication;
- improve investor relations through provision of more transparent and user-friendly information;
- simplify the process and reduce the costs involved in regulatory reporting to tax and other authorities;
- obtain quicker responses from counterparties, including banks and regulators;
- free themselves from proprietary systems and software which are difficult and costly to replace.

For more information, see www.xbrl.org/corporate-reporting.

Regulators and governments

By introducing XBRL for reporting, regulators and other government authorities can:

- obtain data which can be entered automatically into systems without re-keying, reformatting or other 'translation' effort;
- dramatically reduce costs by automating routine tasks;
- quickly and automatically identify problems with filings;
- analyse and compare data much more quickly, efficiently and reliably;
- benefit from the use of software in validation and analysis;
- monitor data and activities and reach judgements with far greater speed and confidence;
- focus effort on analysis, decision making and dealing with counterparties rather than on data manipulation;
- provide a much faster and more focused response to counterparties;
- promote efficiencies and cost savings throughout the regulatory filing process.

For more information, see www.xbrl.org/regulators-and-government. For an indication of which governments are implementing XBRL-based service strategies, see the subsequent and self-explanatory section 'Users of XBRL – worldwide'.

Stock exchanges

Stock exchanges can use XBRL to:

- make their process of company data collection more efficient, comprehensive and reliable;
- increase the value and competitiveness of the data products which they offer to institutions and private investors;
- strengthen the transparency and robustness of information on their markets.

Depending on the circumstances in which they are operating, Exchanges may be able to encourage, or mandate, the filing of information by companies in XBRL or convert company data into XBRL. They can then offer data in XBRL form, benefiting all consumers of investment information. The result is a set of more competitive and valuable exchange data products as well as improved exposure for the exchange. For more information, see www.xbrl.org/stock-exchanges.

For an indication of which stock exchanges are implementing XBRL-based service strategies, see 'Users of XBRL – worldwide'.

Investment analysts

By using XBRL, investment analysts and advisers can benefit from:

- much greater transparency, clarity and consistency in company financial data;
- the ability to handle and compare a broader range of companies and deeper set of information;
- more powerful software tools for analysis, comparison and benchmarking;
- far more efficient means of finding specific company data;
- the ability to select data from a variety of companies within seconds for comparison and analysis.

In summary, XBRL can help the analyst community provide quicker and better quality investment advice and decisions. For more information, see www.xbrl.org/investment-analysts.

Financial data providers

Through the adoption of XBRL, companies in the financial information industry will be able to:

- obtain company financial data in a standardised and predictable form;
- significantly reduce costs by automating many aspects of the gathering and storage of financial data;
- switch efforts from routine data gathering to analysis;
- provide a faster, clearer, deeper and more accurate view of company financial performance;
- produce richer and more usable products containing XBRL data.

For more information, see www.xbrl.org/financial-data-providers.

Banks

Through XBRL, loan and credit management departments can:

- obtain data quickly and reliably via automated reporting;
- reduce costs in processing data;
- compare and analyse financial information much more reliably, fully and effectively using automated processes;
- track financial performance more quickly and efficiently;
- reach decisions more confidently and provide a quicker response to clients.

In particular, credit risk assessment companies are already working within XBRL International on the introduction of XBRL in this area. Credit insurance underwriting decisions depend on high-quality assessment of large quantities of up-to-date information. XBRL enables automated, robust assessment of such data. For more information, see www.xbrl.org/banks.

For an indication of which banks are implementing XBRL-based service strategies, see the 'Users of XBRL – worldwide'.

Accountants

Through the use of XBRL in companies, accountants will be able to:

- obtain more rapid and reliable data on company financial performance;
- greatly reduce effort and costs in gathering and analysing data;
- simplify and automate tasks;

- focus effort on analysis and value-added work;
- make better use of software to improve efficiency and speed.

In summary, XBRL can speed up, reduce effort and increase reliability in accounting and auditing tasks. For more information, see www.xbrl.org/accountants.

Software and IT systems providers

XBRL offers software, systems and IT companies a range of opportunities to enhance existing products, develop new ones and expand their business. It enables these companies to:

- adopt a data standard for transferring business and financial information, avoiding the commercial conflicts and client aggravation caused by competing proprietary standards;
- create software to support the preparation, publication and collection of data in XBRL;
- create software to select, compare and analyse financial data in XBRL. For more information, see www.xbrl.org/software-and-systems-providers.

1.3 USERS OF XBRL – WORLDWIDE

Numerous and significant organisations have implemented XBRL. These include:

- National banks;
- Regulatory authorities, such as national taxation departments and treasuries;
- Stock exchanges;
- Financial institutions;
- Accounting service providers;
- Industrial entities.

For an indicative list of entities that have implemented XBRL fully, or those that are in the process of completing related projects, see Worldwide XBRL Projects Listing, as per the *XBRL projects around the world* link at xbrlblog.com/worldwide-xbrl-projects-listing.html. Note that this information is maintained by the large and growing, XBRL community of users of associated stakeholders.

CHAPTER TWO

XBRL and IFRS

AN APPROPRIATE INTRODUCTION TO THIS PART OF the book is to look at what Kurt Ramin said in 2008 when, as chairman of XBRL International, he expressed his views in the broader AICPA domain of which he is a member (see www.cpa2biz.com/Content/media/PRODUCER_CONTENT/Newsletters/Articles_2008/CorpFin/Hands.jsp). What follows is a truncated version, in which links to tools references are not present. Even so, the overall tone is not lost.

XBRL and IFRS joining hands

How this powerful combination will accelerate adoption of financial reporting around the globe.

March 6, 2008

by Kurt Ramin, CPA

The movement towards a single set of global financial reporting standards is gaining speed in the United States. The Security and Exchange Commission's (SEC's) concept release on the use of International Financial Reporting Standards (IFRS) by U.S. companies has put real meaning into this trend. XBRL is already well established in our country. The SEC showed leadership here, so the combination IFRS/XBRL will soon take hold here as well.

Over 100 countries either require or allow the use of IFRS by listed companies, and some of those countries permit the use of IFRS for local regulatory or statutory reporting by non-listed companies. The European Union (EU), Australia and South Africa have adopted requirements to use IFRS, while others, such as Canada, India and Brazil, plan to require the use of IFRS by a specific date.

IFRS Taxonomy and XBRL

Through its Foundation, the IASB was involved early on in building a taxonomy to drive global adoption of both IFRS and XBRL. This powerful combination caters to people who understand accounting standards and concepts on one side and people who use technology tools to segment and organize financial and business information.

It is no accident that the Foundation's XBRL team, in addition to its education and translation departments, is now one of the strongest support functions for the standard-setting process at the IASB. Its XBRL Advisory Council (XAC) and Quality Review Team (XQRT) span members from around the globe, who are moving the implementation of XBRL and IFRS through the use of XBRL forward.

Watch out for the latest version of a totally new and updated IFRS XBRL taxonomy that contains links to the latest version of the complete text and volume of IFRS during the next month. IFRS and XBRL will also be one of the prime topics at the next World XBRL conference in Eindhoven, Holland, from May 5 to May 9.

The codification of accounting standards by Financial Accounting Standards Board (FASB) is another strong building block in the conversion of financial reporting standards worldwide. Once the codified standards are linked to the XBRL U.S. taxonomy (as the IFRS are to the XBRL/IFRS taxonomy) this accounting base — with rich definitions — will be a step forward to the worldwide adoption of a single global standard. Interestingly enough, the same software tools have been used to codify the U.S. literature and putting IFRS into electronic formats.

Translation capabilities (IFRS are now translated into over 50 languages) of the mostly principles based IFRS and the automatic translation features of XBRL help to localize financial reporting and push their use down to the lowest level of implementation. After all, through the use of IFRS/XBRL, Americans will become linguistic experts!

SME standard

The IASB has issued an exposure draft for small and medium-sized entities (SMEs), which will hopefully lead to a final standard this year. If implemented, this standard will allow millions of entities around the world to deliver comparable financial information. It is expected that the SME standard can still be reduced in its complexity including some simple recognition and de-recognition principles. XBRL can be used to track units of accounts and prepare parallel accounting (if needed).

Conclusion

Are you prepared for XBRL? Familiarize yourself with the new concepts and technologies. Financial reporting will be like reading a map. Places can be found by knowing the geographic coordinates, but you will have to decide which map format to look at and what zoom level fits your needs.

2.1 OVERVIEW

As indicated earlier, XBRL partners perfectly with IFRS in delivering better and faster business reporting. Significant initiatives continue to move this union into the global domain so as to maximise the benefits arising from increased acceptance and implementation of both standards. In this regard it is worthwhile referring to the XBRL and IFRS website at www.ifrs.org/XBRL/XBRL.htmm.

History

The connection between XBRL and IFRS commenced in 2000, as captured by the following commentary:

> Another key member of the XBRL constituency in Europe is the IASC Foundation's XBRL team (the team). This group works to create and maintain the IFRS taxonomy based strictly on the 'bound volumes' produced by the IASB. The IASC Foundation joined the

XBRL consortium as one of the founding members at the instigation of Kurt Ramin and Sir Brian Carsberg. An initial, basic taxonomy for International Accounting Standards (IAS) as they were then known was completed in 2000 by Kurt Ramin, Ian Wright and Mark Deakin [*sic*]. The work continued on to the taxonomy by David Pranther [*sic*], at various meetings in Europe and at a meeting of a group of over 40 volunteer experts in Singapore in 2002 organised by Kurt Ramin, Roger Debreceny, Glenn Gray and Charlie Hoffman with the Institute of Certified Public Accountants of Singapore. Josef Macdonald as appointed as chairman of the XII IAS Taxonomy Working Group in 2002 and Charlie Hoffman (the inventor of XBRL) joined this group in the same year.

In 2003, Josef Macdonald was appointed as the inaugural IASC Foundation XBRL Practice Fellow (on secondment from Ernst & Young). In 2004, Kurt Ramin, then Chair of XBRL International, together with Josef Macdonald established the IASC Foundation XBRL team to which a number of student interns were appointed and the system of six-month internships was established. Since then 16 interns have worked as part of the team. Olivier Servais now heads up the team which also has three full-time and three part-time members.

Source: Joanne Locke, Andrew Lymer and Alan Lowe, (2010), *Digital Reporting Options for Europe*, ICAEW, London

Note: *Digital Reporting Options for Europe* is a study of interactive data from the perspective of non-professional investors. This report considers the potential for Level 2 reporting to be required by capital market regulators in the European Union in the light of the SEC's interactive data project. The perspective of non-professional investors in the analysis is taken because the purpose of the SEC's interactive data project is framed around the provision of improved data for their investment decision making. This 120-page publication is downloadable at www.icaew.com/en/products/information-technology-publications/digital-reporting-options-for-europe.

Note: Mark Dekan is incorrectly spelled in the original as Mark Deakin. David Prather is incorrectly spelled in the original as David Pranther.

Of course, as might be apparent, much has happened since that seminal time. The partnership between XBRL and IFRS is a phenomenon, and one that continues to gain momentum. One of the primary reasons for this success is the considerable and concerted effort by all parties involved with XBRL and IFRS, as reviewed in the next section.

Mutual partnership

As indicated by the IFRS Foundation, IFRS and XBRL are intended to standardise financial reporting in order to promote transparency and to improve the quality and comparability of business information. Therefore, the two standards are ideally suited. Given the importance of XBRL in this situation, it is worthwhile exploring more detail about the XBRL team.

The IFRS XBRL initiative

Essentially, the goal of the IFRSF is to provide the world's integrating capital markets with a common language for financial reporting. XBRL was developed to provide a common, electronic format for business and financial reporting.

The IFRS Foundation XBRL team

The team is responsible for developing and maintaining the XBRL representations of the IFRS, known as the IFRS Taxonomy. The IFRS Taxonomy is used around the world to facilitate the electronic use and exchange of financial data prepared in accordance with IFRS.

The team's mission is to create and provide a framework for the consistent adoption and implementation of IFRS with a high-quality IFRS Taxonomy in the same languages and at the same time as the IFRS. This mission is part of the adoption and implementation strategy of the IFRSF and is integrated with the development of IFRS.

Advisory committees

The IFRSF XBRL team is supported by two external committees, summarised next.

XBRL Advisory Council (XAC) The XAC provides strategic advice on the IFRSF's XBRL activities and on the adoption and implementation of the IFRS Taxonomy throughout the world.

XBRL Quality Review Team (XQRT) The XQRT reviews developed taxonomies in order to achieve the highest level of quality by providing input and offering practical recommendations on the usability of the IFRS Taxonomy from both an XBRL technology and a financial reporting perspective.

Responsibilities The IASB XBRL team is responsible for developing and maintaining the XBRL representation of the IFRS Taxonomy. The IASB's XBRL activities include:

- taxonomy development – for companies reporting in IFRS, the Foundation publishes tags for each IFRS disclosure. These tags are organised and contained within the IFRS Taxonomy;
- support materials – the Foundation produces support materials to facilitate use and understanding of the IFRS Taxonomy;
- translations – translations of the IFRS Taxonomy into key languages are provided to support users of IFRS and the IFRS Taxonomy whose primary language is not English;
- global outreach – the Foundation makes a concerted effort to promote the use of XBRL in conjunction with IFRS around the world. The Foundation also encourages cooperation and communication with users of the IFRS Taxonomy.

For more information related to the XBRL team, see www.ifrs.org/The+organisation/About+XBRL/About+XBRL.htm.

Achievements – a retrospective view

The effectiveness of the XBRL and IFRS partnership, the team and all stakeholders directly involved is evident in the depth and pace of related developments, demonstrated by the achievements of XBRL and IFRS projects. Table 2.1 gives a view of the achievements thus far.

TABLE 2.1 Achievements of the XBRL and IFRS partnership.

Date	Achievement
7 February 2012	Webcast on proposed IFRS taxonomy 2012, recording now available
27 January 2012	IFRS Taxonomy 2011 labels published in Japanese
18 January 2012	Exposure draft of the IFRS Taxonomy 2012
22 December 2011	IFRS Taxonomy 2011 labels published in Korean
9 November 2011	IFRS Taxonomy 2011 labels published in Italian
27 October 2011	IFRS publish documentation guidance for the IFRS Taxonomy Formula Linkbase
16 September 2011	IFRS Taxonomy 2011 labels republished in Arabic

Date	Achievement
1 September 2011	IFRS Taxonomy updated for Common Practice Concepts
19 August 2011	IFRS Taxonomy updated for financial statement presentation and employee benefits
15 August 2011	IFRS Taxonomy 2010 labels published in Traditional Chinese.
27 July 2011	IFRS Taxonomy updated for fair value measurement and disclosure of interests in other entities
24 June 2011	IFRS Taxonomy 2011 labels published in Arabic
2 June 2011	IFRS Foundation publishes proposed IFRS Taxonomy enhancements for reporting common-practice
19 April 2011	Interoperable Taxonomy Architecture Project publishes updated Global Filing Manual for XBRL
12 April 2011	IFRS Foundation publishes illustrative examples in XBRL for the IFRS Taxonomy 2011
1 September 2011	IFRS Taxonomy Interim Release for Common-Practice Concepts
19 August 2011	IFRS Taxonomy updated for financial statement presentation and employee benefits
27 July 2011	IFRS Taxonomy updated for fair value measurement and disclosure of interests in other entities
2 June 2011	IFRS Foundation publishes proposed IFRS Taxonomy enhancements for reporting common-practice
19 April 2011	Interoperable Taxonomy Architecture Project publishes updated Global Filing Manual for XBRL
12 April 2011	IFRS Foundation publishes illustrative examples in XBRL for the IFRS Taxonomy 2011
08 April 2011	IFRS Foundation to enhance IFRS Taxonomy to reflect common reporting practice
25 March 2011	IFRS Foundation publishes IFRS Taxonomy 2011
21 March 2011	Call for listed IFRS filers to participate in a voluntary XBRL Detailed Tagging Task Force
18 January 2011	IASB publishes proposed IFRS Taxonomy 2012
14 January 2011	IFRS Foundation publishes IFRS Taxonomy 2010 labels in Japanese
13 January 2011	IFRS Foundation concludes pilot XBRL initiative with public companies listed in the US
18 November 2010	IFRS Foundation enhances stakeholder representation in IFRS XBRL advisory committees
15 November 2010	IFRS Foundation publishes IFRS Taxonomy 2010 labels in Arabic

(*continued*)

TABLE 1.1 *(continued)*

Date	Achievement
8 November 2010	IFRS Foundation publishes IFRS Taxonomy 2010 labels in Korean
5 November 2010	IFRS Taxonomy 2010 updated for enhanced derecognition disclosure requirements for transfer transactions of financial assets
12 October 2010	Interoperable Taxonomy Architecture project publishes Global Filing Manual for XBRL
24 September 2010	IFRS Foundation publishes IFRS Taxonomy 2010 labels in Spanish
5 August 2010	IFRS Taxonomy 2010 updated for latest annual Improvements to IFRSs
27 July 2010	IFRS Foundation publishes illustrative examples in XBRL for the IFRS Taxonomy 2010
18 June 2010	Trustees invite applications for membership of IFRS XBRL advisory committees
30 April 2010	IASC Foundation releases IFRS Taxonomy 2010
22 April 2010	Call for interest to Public Companies listed in the US who currently file financial reports with the US SEC in IFRS
30 March 2010	IASC Foundation publishes IFRS Taxonomy 2009 labels in Japanese
18 March 2010	IASC Foundation invites public comment on the proposed IFRS Taxonomy 2010 and releases a new IFRS viewing tool
19 February 2010	IASC Foundation publishes proposed IFRS Taxonomy 2010
9 December 2009	IASC Foundation publishes 2010 architecture for the IFRS and IFRS for SMEs Taxonomies
29 October 2009	Release of IFRS Taxonomy 2009 labels in Korean
28 October 2009	Release of IFRS Taxonomy 2009 labels in German
28 September 2009	IASC Foundation publishes proposed IFRS for SMEs Taxonomy
7 September 2009	Release of IFRS Taxonomy 2009 labels in Dutch
16 July 2009	Release of IFRS Taxonomy 2009 labels in French
19 June 2009	IASC Foundation releases new support materials for the IFRS Taxonomy 2009 and also Arabic and Spanish translations
3 April 2009	IASC Foundation issues IFRS Taxonomy 2009 and publishes for public comments its due process for XBRL activities
26 February 2009	IASC Foundation releases IFRS tool for open source
16 December 2008	IASC Foundation publishes IFRS Taxonomy Module Manager with Viewer functionality

Date	Achievement
28 August 2008	The IASC Foundation publishes the IFRS Taxonomy Guide
7 August 2008	The IASC Foundation releases its Annual Report in XBRL
6 August 2008	The IASC Foundation publishes new IFRS Taxonomy Module Manager
15 July 2008	IASC Foundation conference in Amsterdam
15 July 2008	SEC Roundtable on Interactive Data Webcast
24 June 2008	IASC Foundation publishes IFRS Taxonomy 2008
14 May 2008	Chairman of the Trustees addresses XBRL Conference
2 May 2008	IFRS 2008 Taxonomy architecture release
17 April 2008	IFRS Taxonomy 2008 Style Guide Release
31 March 2008	The IASC Foundation publishes IFRS Taxonomy 2008
29 February 2008	Release of IFRS-GP 2006 Taxonomy Labels in Arabic
12 February 2008	ERICA – European Records of IFRS Consolidated Accounts

For more information on the strengthening connection between XBRL and IFRS, particularly the individual projects contained Table 2.1, see www.ifrs.org/XBRL/XBRL.htm.

2.2 THE IFRS TAXONOMY

A fundamental element of the means by which XBRL and IFRS garner continued and accelerating success is the Taxonomy. In general, taxonomy means a catalogue or a set of rules for classification; in XBRL, a taxonomy is a dictionary, one containing computer-readable definitions of business reporting terms, as well as relationships between them and links connecting them to human-readable resources (metadata) – a typical taxonomy consists of a schema (or schemas) and linkbases.

XBRL taxonomies are the dictionaries which the XBRL language uses. These are the categorisation schemes that define the specific tags for individual items of data (such as 'net profit'). National jurisdictions have different accounting regulations; so, each may have its own taxonomy for financial reporting. Many different organisations, including regulators, specific industries or even companies, might also require taxonomies to cover specific business reporting needs.

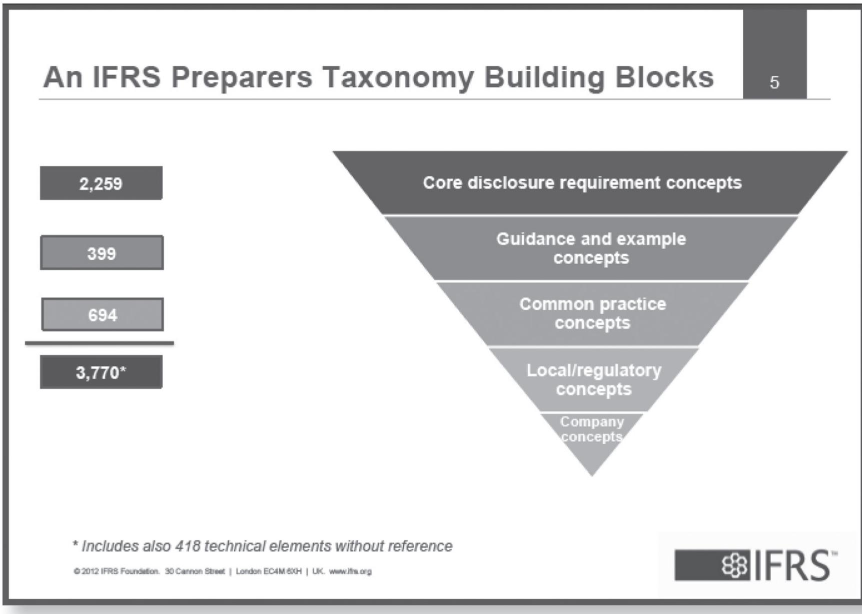


FIGURE 2.1 Elements of the IFRS Taxonomy.

Source: IFRS Foundation, 2012, *Webcast: exposure draft IFRS Taxonomy 2012*, 2 February, presentation, as at www.ifrs.org/NR/rdonlyres/B1C761F1-F563-4ACB-84C9-C637D8BAEB67/0/IFRSTaxonomy2012EDwebcast2Feb2012.pdf.

As illustrated in Figure 2.1, it is noteworthy that there are 3,770 elements in the Taxonomy. The triangular diagram shows what comprises this number. For instance, it does not include local/regulatory concepts or company concepts. Even so, the large number can seem overwhelming, especially when this amount is not split by way of industry-specific elements. However, it needs to be said that a company is likely to need only 300 elements when making good use of XBRL.

As Figure 2.2 illustrates, the IFRS Taxonomy is translated from English into more than 10 languages.

Note that a special taxonomy was designed to support collation of data and internal reporting within organisations. This is the GL Taxonomy. In fact, there are two taxonomies:

- XBRL GL Taxonomy;
- XBRL IFRS Taxonomy.

These are important for the future of IFRS and are described next.

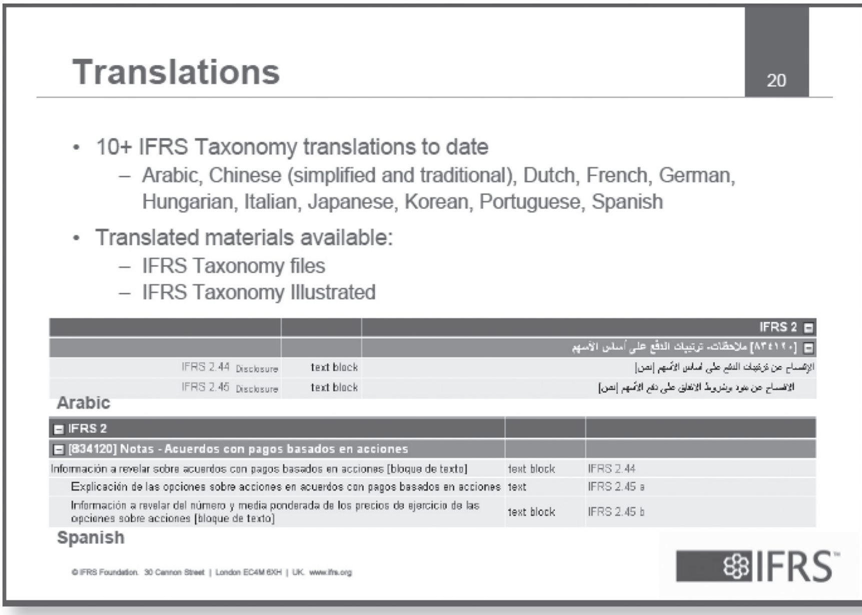


FIGURE 2.2 Translations of the IFRS Taxonomy.

Source: IFRS Foundation, 2012, *Webcast: exposure draft IFRS Taxonomy 2012*, 2 February, presentation, as at www.ifrs.org/NR/rdonlyres/B1C761F1-F563-4ACB-84C9-C637D8BAEB67/0/IFRSTaxonomy2012EDwebcast2Feb2012.pdf.

The XBRL Global Ledger taxonomy

Originally named XBRL for General Ledgers, XBRL GL, or Journals, is a significant step forward in the capabilities of XBRL (and XML) in handling financial and business information. The XBRL Global Ledger (XBRL GL) taxonomy allows the representation of anything that is found in a chart of accounts, information found in a typical ERP system, journal entries or historical transactions, financial and non-financial. It does not require a standardised chart of accounts to gather information, but it can be used to tie legacy charts of accounts and accounting detail to a standardised chart of accounts to improve communications within a business.

The XBRL – IFRS taxonomies

Public taxonomies, such as IFRS, define elements and relationships between them according to particular legislation or standards, for example IAS or IFRS. These XBRL-described concepts allow companies to create financial statements that are valid and compliant with the requirements of regulators. The IASB, through its foundation, was very early on involved in developing taxonomies. Annually, two main IFRS taxonomies are published, one incorporating the complete set of standards and one for IFRS for SMEs. These taxonomies are similar in design and content. Compared with the US GAAP taxonomies, the IFRS taxonomies carry considerably fewer elements. This is due to the fact that US GAAP is richer in content and rules that are based on industry segmentation. In order to satisfy preparer needs, the IFRS taxonomy requires a significant number of extensions, depending on company size and industry in which the entity is operating. These extensions are currently being developed.

Taxonomy update

Note that the IFRSF published an exposure draft of the IFRS Taxonomy 2012. The proposed taxonomy is consistent with IFRS, including IAS and the IFRS for SMEs. The IFRS Taxonomy 2012 is a translation of IFRS as issued at 1 January 2012 into XBRL. The proposed taxonomy includes 'common practice' extensions, which were derived from an analysis of IFRS financial statements and are designed to diminish the need for preparers to customise the taxonomy to fit their individual business. The need for these extensions originally arose from SEC concerns about the suitability of the existing IFRS taxonomy for US filing purposes and the outcomes of a pilot XBRL study conducted in 2011.

Extending taxonomies

Ordinary users of XBRL may be largely or totally unaware of the technical infrastructure which underpins the language. However, software companies, such as accountancy software providers, need to take account of XBRL and its features when producing their products. For instance, consider that extending the taxonomy may involve performing the following operations:

- adding an element that was not described in the base taxonomy but is required;
- modifying the relationship between elements in terms of their order, addition or deletion.

There are several rules that must be obeyed while building an extension to a taxonomy. The most important one states that the extension should not physically modify the content of any of the files of the base taxonomy. This is usually made impossible by locating the base taxonomies on their website, which prevents other users from making changes to the files.

Building an extension that involves the modification of linkbases requires that the creators are familiar with the use and priority of attributes, as well as the concept of equivalency. With these attributes you can prohibit a relation (an arc) or override it. The so-called use attribute may take the values 'optional' and 'prohibited', of which the latter implies that the relationship will not be processed by a computer. Priority assigns relations with ranks that inform the computer about the processing order.

For further details related to taxonomy extension, see www.ifrs.org/XBRL/IFRS+Taxonomy as well as eifrs.iasb.org/eifrs/Menu?view=eifrsXBRL. Certainly, a taxonomy guide is useful, as discussed next.

IFRS Taxonomy Guide

The IFRS Taxonomy 2011 Guide is a technical supporting guide for users of the IFRS Taxonomy. This 2011 version supersedes the version released in 2010. The guide addresses both the financial reporting content and the XBRL framework of the IFRS Taxonomy. It is intended for use by those who are already familiar with and able to apply XBRL with IFRS using the IFRS Taxonomy.

The IFRS Taxonomy 2011 Guide includes:

- an overview of the architecture of the IFRS Taxonomy;
- guidance for preparers and issuers of financial statements when creating instance documents and IFRS Taxonomy extensions;
- XBRL Fundamentals – an introduction to the basics of XBRL;
- a glossary of commonly used XBRL terminology.

The guide (available at www.ifrs.org/NR/rdonlyres/E6CFBA23-71CF-410B-8C35-445BA17C2A6A/0/IFRSTaxonomy2011Guide20110325.pdf or see www.ifrs.org/XBRL/Resources/IFRS+Taxonomy+Guide.htm) provides technical guidance on how to apply the IFRS Taxonomy 2011. Readers who are not familiar with the fundamentals of XBRL should refer to the appendices at the end of this guide.

The IFRSF, together with other members of the ITA (Interoperable Taxonomy Architecture) project, has published *The GFM (Global Filing Manual)*, which contains a set of rules providing guidance on the preparation, filing and validation of XBRL filings. Preparers should follow the guidelines in *The GFM* unless the receiving institution to which they are filing prescribes additional or amended filing rules. This guide is software neutral and does not require the use of any specific tools.

In addition to the preface, the content of this 72-page publication is as follows:

- Introduction
  - The IFRS Taxonomy 2011
  - Overview of amendments in the IFRS Taxonomy 2011
- IFRS Taxonomy Architecture
  - Financial reporting
    - Standard Approach
    - Release, issue and effective dates
    - Interim releases
  - IFRS modelling in the IFRS Taxonomy
    - Hierarchical modelling
    - Axes modelling
  - The structure of the IFRS Taxonomy
    - Folder and file structure
    - Absolute and relative paths
    - DTS discovery
    - Namespaces
    - Core, role and entry-point schemas
    - Deprecated schema
    - Linkbases
    - Linkbase modularisation
    - Reference linkbases
    - Label linkbases
    - Total and net labels
    - Negated labels
    - Presentation linkbases
    - Calculation linkbases
    - Definition linkbases
    - Generic label linkbases
    - Generic reference linkbases
  - New XBRL technologies
    - Versioning
    - Formulae
    - Inline XBRL

- Preparer's Guide
  - Introduction
  - Learning and mapping the IFRS Taxonomy
  - Customising the IFRS Taxonomy
  - Creating an entity-specific extension
    - The structure of an extension
    - Adding extended link roles (ELRs)
    - Adding concepts
    - Adding links
    - Validation
  - Creating an instance document
    - Reported facts
    - Context of the reported facts
    - Units for numeric facts
    - Accuracy of reported numeric facts
    - Validation of an instance document
- Extender's Guide
  - Introduction
  - Scenarios for creating an extension
    - Open reporting
    - Closed reporting
    - Reuse of IFRS Taxonomy concepts vs. reuse of the entire IFRS Taxonomy
  - Developing an extension
  - The physical composition of an extension
    - File names and file and folder structures
    - Addition and reuse of concepts
    - Addition and reuse of labels
    - Addition and reuse of references
    - Addition of linkbases
    - Addition and reuse of ELRs
- Appendices
  - XBRL Fundamentals
  - XBRL Glossary
  - Style Guide

How to read the XBRL information

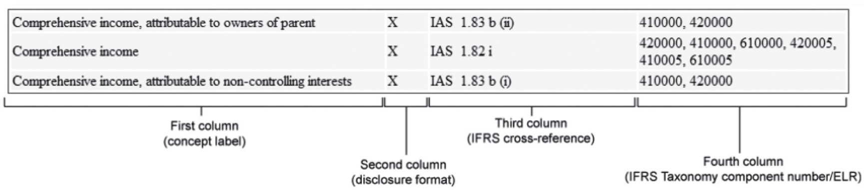
Note that it is possible to access xIFRS, a new tool developed by the IFRSF to support viewing and understanding of the IFRS Taxonomy. xIFRS provides a view of the electronic IFRS with embedded XBRL, and is available for the IFRS and the IFRS for SMEs, as well as all published interim releases.

This section explains the format and content of XBRL information in the xIFRS. The explanations given here apply throughout all pages.

Example: IFRS 8 – with reference to Figure 2.3

An entity shall present a statement of changes in equity showing in the statement:

(a) Total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non-controlling interests:



Comprehensive income, attributable to owners of parent	X	IAS 1.83 b (ii)	410000, 420000
Comprehensive income	X	IAS 1.82 i	420000, 410000, 610000, 420005, 410005, 610005
Comprehensive income, attributable to non-controlling interests	X	IAS 1.83 b (i)	410000, 420000

FIGURE 2.3 Comprehensive income.

First column – hierarchy

- The first column represents the IFRS hierarchy.
- Column headings represent the name of an IFRS or IAS component.
- Rows below column headings represent the elements belonging to this component, which are IFRS or IAS disclosure requirements.

Second column – disclosure format

The second column illustrates the possible formats that a given disclosure may take. These are:

- *text block* – denotes that the disclosure format is explanatory text;
- *text* – denotes that the disclosure format is text;
- *yyyy-mm-dd* – denotes that the disclosure format is a date;
- *X* – denotes that the disclosure format is a monetary value;

- *(X)* – denotes that the disclosure format is a monetary value presented as being negative;
- *X.XX* – denotes that the disclosure format is a decimalised value;
- *shares* – denotes that the disclosure format is a number of shares;
- *table* – denotes the beginning of a two-dimensional disclosure;
- *axis* – denotes an axis on a two-dimensional disclosure;
- *member* – denotes a member on an axis;
- *line item* – denotes the beginning of a series of disclosures for a table;
- *blank column* – denotes that no disclosure is required.

For monetary values:

- instant or duration – denotes that the disclosure represents a stock (if instant) or a flow (if duration);
- credit or debit – denotes the 'natural' balance of the disclosure.

Third column – IFRS reference

The third column indicates an additional IFRS or IAS paragraph/section for a given disclosure.

Fourth column – extended link roles (ELRs)

ELRs are used in the IFRS Taxonomy to identify sections of the taxonomy. They appear as six-digit numbers in square brackets with a value between [100000] and [999999]. These numbers are artificial and provide viewing and sorting functionality (they are not related to IFRS or IAS).

Taxonomy support materials

The IFRSF is pleased to provide the following support materials specifically developed to aid understanding and use of the IFRS Taxonomy. In the first instance, this is presented in Figure 2.4.

Additional resources are also available, as shown in Figure 2.5.

2.3 IFRS FOUNDATION AND TRANSLATION

Expanding the general acceptance and actual implementation of IFRS requires appropriate translation, a point and process that are overlooked easily when many people operate in only one or two languages during the course of their day.

Translation is a necessary and vital part of achieving the IASC Foundation's mission to develop a single set of high-quality global accounting standards for

IFRS Taxonomy support materials

Name	Description	Link
IFRS Taxonomy Formula Linkbase	A document to provide guidance for technical and financial reporting audiences, in order to better understand IFRS concepts and their meaning.	Click here to download guide (PDF, 141KB) Click here for Formula Linkbase (ZIP, 932KB)
Snapshot: the IFRS Taxonomy	A document that briefly introduces XBRL and the XBRL representation of the IFRSs, known as the IFRS Taxonomy	Click here to download [PDF, 1.5 MB]
Illustrative examples	Sample XBRL and iXBRL (Inline XBRL) financial statements and notes created using the IFRS Taxonomy	Click here to view
The IFRS Taxonomy Illustrated	A document that presents the structure of the IFRS Taxonomy in a simplified, visual format that does not require knowledge of XBRL. Available for both the IFRSs and the IFRS for SMEs.	Click here to view
xIFRS (IFRSs with XBRL)	An online tool that supports viewing and understanding of the IFRS Taxonomy. xIFRS provides a view of the electronic IFRSs with embedded XBRL, and is available for the IFRSs and the IFRS for SMEs. xIFRS is available to eIFRS subscribers only.	Click here to view
The IFRS Taxonomy Guide	A technical guide for users of the IFRS Taxonomy.	Click here to view
External taxonomy viewers	A list of commercial XBRL projects that can be used to view the IFRS Taxonomy.	Click here to view

FIGURE 2.4 Taxonomy support materials.

Source: www.ifrs.org/XBRL/Resources/Resources.htm.

use around the world. The official working language of the IASCF and the IASB is English. The text of the standards has grown over at least 20 years and this is influenced by styles and semantics of various parts of the English-speaking countries, mainly that of the United States and the United Kingdom. This makes the text difficult to translate into other languages.

Additional complications are that certain terms which are used in the standards (for example, financial derivatives, defined benefit pension plans, as well as for insurance) do not exist in some languages, since the underlying concepts are not in use in a particular country. The IASCF translation policy

Other IFRS and XBRL resources

Name	Description	Link
XBRL Update	The newsletter of the IFRS Foundation XBRL Team.	Click here to view
IFRS Foundation Annual Report	The financial statements from the IFRS Foundation's Annual Reports prepared as XBRL instance documents using the IFRS Taxonomy.	Click here to view
Frequently asked questons	Answers to the FAQs asked regarding IFRSs and XBRL.	Click here to view
XBRL fundamentals	An introduction to the basics of XBRL, including explanations of the major terms underlying XBRL concepts.	Click here to view
Glossary	Short definitions of terms related to the IFRS Taxonomy as well as explanations of major XBRL concepts.	Click here to view
Presentations	An archive of presentations given by the IFRS Foundation XBRL Team.	Click here to view
Useful links	Links to external projects, coordinated by other parties, where the IFRS Taxonomy is used.	Click here to view

FIGURE 2.5 Additional resources.

Source: www.ifrs.org/XBRL/Resources/Resources.htm.

also does not allow splitting of sentences of the original English text in the target language and does not allow explanatory footnotes. All these complications make the translated text even more difficult to read. Perfect localisation would require the IFRS text and standards to be rewritten by legal and accounting domain experts in the particular country. However, this would require significant resources and expertise which are not always available, particularly in smaller countries. Since the translated standards are binding law in many countries, as outlined earlier, an understanding of the detailed translation process might be important from a legal perspective. In this regard, the following is an excerpt from the official IASCF translation policy:

> The IASC Foundation recognises the central role of the provision of IFRS and supporting material in other languages. It therefore seeks the close cooperation of jurisdictions and organisations interested in producing translations of IFRS and related material. Moreover, the translation of IFRS is often also an important component in a

country's decision to adopt IFRS. It is in the interest of any country adopting or using IFRS or the IFRS for SMEs that the translated IFRS are of a high quality. Countries adopting or permitting the use of IFRS will be able to benefit from the comparability and transparency that the use of IFRS provides only if the IFRS are rendered accurately and completely into each language. To ensure that all countries adopting or using IFRS will reap the full benefit of IFRS, the cornerstones of the IASCF translation policies are as follows:

- Official translation process involving expert review of translations. To ensure the best technical translation possible, all translations of IFRS are reviewed by a committee of accounting experts who are native speakers with proven knowledge and expertise in the area of the IFRS.
- The IASCF maintains control of the translation process. To ensure that IFRS remain uniform across all languages and that translations are of the highest standards, the IASCF maintains ultimate control over the translation process for IFRS and other official material such as the IFRS Taxonomy.
- Only one translation per language. Multiple translations of IFRS into the same language would endanger comparability, transparency and the long-term sustainability of high-quality IFRS translations. The IASCF therefore supports only one translation per language.

For additional information, refer to www.ifrs.org/Use+around+the+world/IFRS+translations/IFRS+translations.htm.

Translation process and policies

The IFRSF has a set translation process used for all languages. The process is based on two key steps:

- professional translation;
- review by a committee of accounting experts who are native speakers with proven knowledge and expertise in the area of the IFRS.

The IASCF owns the copyright to all material it produces and all the translations. It is therefore essential that the Foundation is contacted before any material is translated. For more information on this, see 'Adoption and copyright'.

To check whether there is already a translation in your language, see 'Available translations', later. The IASCF often works with accounting institutes and standard-setting bodies around the world to produce the translations according to the Official Translation Process (see previously).

The adoption of IFRS in the EU countries and the localisation and translation of the EU directives into the 20 European languages was a major stepping stone in the acceleration and adoption of IFRS around the globe. European public entities have worldwide subsidiaries and the adoption was automatically carried or jump-started in many of these countries.

In comparison, due to its sheer volume of literature and a rules-based approach, the international adoption of US GAAP would not have been possible in this relatively short time frame. Translation and localisation, education and training costs would have been prohibitive. Figure 2.6 shows the steps for translation of IFRS.

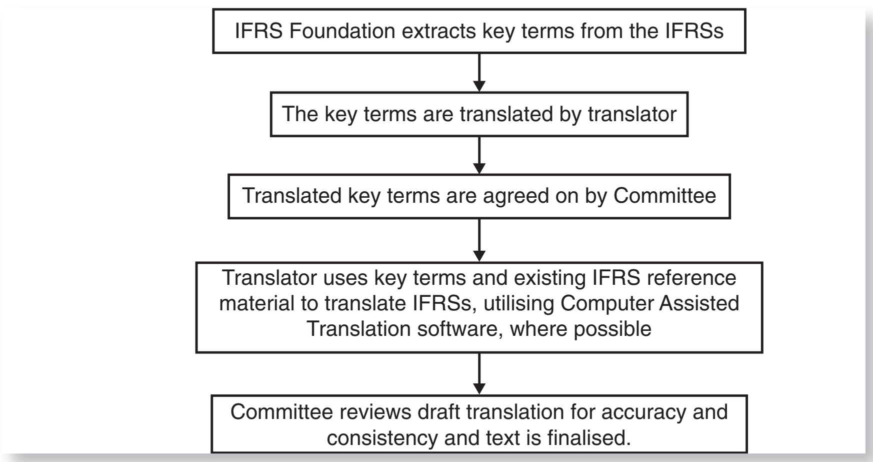


FIGURE 2.6 The translation of IFRS.

For additional information, refer to www.ifrs.org/Use+around+the+world/IFRS+translations/Official+translation+process+and+policies.htm. Also, for a European view, see ec.europa.eu/internal_market/accounting/ias.

Available translations

The end result of the preceding process, and related policies, is a wide variety of available translations, as presented Table 2.2.

TABLE 2.2 Available IFRS translations.

Language	IFRS	IFRS for SMEs and other publications	XBRL IFRS Taxonomy
Albanian	Translation of requirements in progress.	IFRS for SMEs – Standard available electronically on IASB website (free access with registration)	
Arabic	2011 *Red Book* available. 2010 *Red Book* available.	Translation of IFRS for SMEs available Terminology available on eIFRS Terminology Lookup Tool	2011 Taxonomy available
Armenian	2009 requirements available on eIFRS.	IFRS for SMEs available electronically on IASB website (free access with registration)	
Azeri	2006 requirements available on eIFRS.		
Belarusian	Translation of requirements under discussion.		
Bulgarian	2006 no longer available. 2005 no longer available.	Terminology available on eIFRS Terminology Lookup Tool	
Chinese, simplified	2008 no longer available.	IFRS for SMEs available electronically on IASB website (free access with registration) Terminology available on eIFRS Terminology Lookup Tool	2009 Taxonomy available Translation of 2010 taxonomy under discussion
Chinese, traditional	Translation of 2011 *Red Book* in progress. Translation of Exposure Drafts under discussion. 2010 *Red Book* available on FSC website (residents of Taiwan only).	Terminology available on eIFRS Terminology Lookup Tool	2010 Taxonomy available

Language	IFRS	IFRS for SMEs and other publications	XBRL IFRS Taxonomy
Croatian	Requirements published by the Ministry of Finance of Croatia. 2004 print publication no longer available.		
Czech	2006 update booklet no longer available. 2005 print publication no longer available.	IFRS for SMEs available electronically on IASB website (free access with registration) Terminology available on eIFRS Terminology Lookup Tool	
Danish	2007 print publication no longer available.	Terminology available on eIFRS Terminology Lookup Tool	
Dutch	2008 requirements available electronically in eIFRS. 2008 print publication no longer available.	Terminology available on eIFRS Terminology Lookup Tool	2009 Taxonomy available
Estonian		Terminology available on eIFRS Terminology Lookup Tool IFRS for SMEs in progress	
Finnish	Translation of 2011 *Blue Book* and standards issued May–June 2011 (requirements only) under discussion. 2009 CD publication of *Red Book* available.	Terminology available on eIFRS Terminology Lookup Tool	
French	2011 Requirements and Conceptual Framework as well as new and revised requirements issued from 1 Jan 2011 available on eIFRS.	IFRS for SMEs available electronically on IASB website (free access with registration) Various exposure drafts available – see relevant project pages	2009 Taxonomy available

(*continued*)

TABLE 2.2 (*continued*)

Language	IFRS	IFRS for SMEs and other publications	XBRL IFRS Taxonomy
		Terminology available on eIFRS Terminology Lookup Tool	
Georgian	2010 *Red Book* available.		
2009 Print publication available.			
German	2011 *Red Book* available. 2010 *Red Book* available. 2010 Standards available on eIFRS.	Exposure Draft of IFRS for SMEs available on IASB website Terminology available on eIFRS Terminology Lookup Tool	2009 Taxonomy available
Greek	2006 Standards available on eIFRS. 2006 print publication no longer available.	Terminology available on eIFRS Terminology Lookup Tool	
Hebrew	2010 Standards available on eIFRS.		
Hungarian	2006 print publication no longer available.	Terminology available on eIFRS Terminology Lookup Tool	2006 Taxonomy available
Icelandic	Translation of requirements in preparation for publication by the relevant government department.		
Italian	2009 print publication available. 2009 Standards available electronically on eIFRS.	IFRS for SMEs – Standard available electronically on IASB website (free access with registration) Terminology available on eIFRS Terminology Lookup Tool	2011 Taxonomy available

Language	IFRS	IFRS for SMEs and other publications	XBRL IFRS Taxonomy
Japanese	2010 Standards available on eIFRS. 2011 *Red Book* in progress.	Translation of IFRS for SMEs in progress. Various exposure drafts and other documents available – see relevant project pages Terminology available on eIFRS Terminology Lookup Tool	2010 Taxonomy available Translation of 2011 taxonomy in progress
Kazakh	2011 requirements in progress. 2010 requirements available (free access with registration).	IFRS for SMEs in progress	
Khmer	Translation of 2011 requirements in progress.	Translation of IFRS for SMEs in progress	
Korean	2010 Standards available from KASB.	Terminology available on eIFRS Terminology Lookup Tool	2011 Taxonomy available
Kyrgyz	Requirements to be published by the government of Kyrgyzstan.		
Latvian	2004 print publication no longer available.	Terminology available on eIFRS Terminology Lookup Tool	
Lithuanian	2007 print publication available.	Terminology available on eIFRS Terminology Lookup Tool Translation of IFRS for SMEs available	
Macedonian	2009 CD publication available. Requirements published by the Ministry of Finance of the Former Yugoslav Republic of Macedonia.	IFRS for SMEs available electronically on IASB website (free access with registration) Terminology available on eIFRS Terminology Lookup Tool	

(*continued*)

TABLE 2.2 (*continued*)

Language	IFRS	IFRS for SMEs and other publications	XBRL IFRS Taxonomy
Maltese		Terminology available on eIFRS Terminology Lookup Tool	
Mongolian	Translation of 2011 *Red Book* (part A) in progress.	Translation of IFRS for SMEs in progress	
Norwegian	2007 requirements published by the Norwegian government.		
Polish	Translation of 2011 *Red Book* in progress. 2007 print publication no longer available.	Translation of requirements of IFRS for SMEs available on IASB website Terminology available on eIFRS Terminology Lookup Tool	
Portuguese (Brazil)	2011 *Red Book* and CD publication available.	Terminology available on eIFRS Terminology Lookup Tool IFRS for SMEs available electronically on IASB website (free access with registration)	
Portuguese (Portugal)	2005 update booklet no longer available. 2004 print publication no longer available.	Terminology available on eIFRS Terminology Lookup Tool	2006 Taxonomy available
Romanian	2011 *Red Book* available. 2009 print publication available.	IFRS for SMEs available electronically on IASB website (free access with registration) Terminology available on eIFRS Terminology Lookup Tool	

Language	IFRS	IFRS for SMEs and other publications	XBRL IFRS Taxonomy
Russian	2011 requirements available on eIFRS. 2011 *Red Book* in progress. 2009 bare numbered standards available electronically in eIFRS and Unaccompanied Standards (free access with registration).	IFRS for SMEs available electronically on IASB website (free access with registration) Terminology available on eIFRS Terminology Lookup Tool	
Serbian	2009 print publication available.	Translation of IFRS for SMEs available Terminology available on eIFRS Terminology Lookup Tool	
Slovak	2009 *Red Book* and CD publication available.	Terminology available on eIFRS Terminology Lookup Tool Translation of Briefing for Chief Executives, Audit Committees and Boards of Directors 2011 available on eIFRS	
Slovene		Terminology available on eIFRS Terminology Lookup Tool	
Spanish	2011 *Red Book* available. 2010 *Red Book* available. Full 2011 standards as well as new and revised standards issued from 1 Jan 2010 to date available on eIFRS. Unaccompanied 2011 standards available (free access with registration).	IFRS for SMEs available electronically on IASB website (free access with registration) and in print Briefing for Chief Executives, Audit Committees and Boards of Directors 2009 available in print and in eIFRS Terminology available on eIFRS Terminology Lookup Tool	2010 Taxonomy available

(*continued*)

TABLE 2.2 (*continued*)

Language	IFRS	IFRS for SMEs and other publications	XBRL IFRS Taxonomy
Swedish		Terminology available on eIFRS Terminology Lookup Tool	
Tajik	Requirements to be published by the Ministry of Finance of the Republic of Tajikistan.		
Turkish	Translation of 2011 standards in progress. 2010 *Red Book* available.	IFRS for SMEs available electronically on IASB website (free access with registration)	
Ukrainian	2009 print publication available Requirements to be published by the Ministry of Finance of Ukraine	Terminology available on eIFRS Terminology Lookup Tool Translation of IFRS for SMEs in progress	

More information related to the aforementioned translations, such as the associated links to additional information, can be obtained at www.ifrs.org/XBRL/Taxonomy+translations.htm.

Worldwide adoption and compliance of IFRS

It is estimated that as many as 170 countries now use, or have adopted, IFRS. However, the actual number is difficult to determine because many countries claim that their local financial reporting principles are based on, are similar to, or are nearly identical to IFRS. For some countries, the wording changes seem minor; for other countries, whole sections of standards are missing, or not applied.

The reasons for these differences are often not so transparent. Some countries try to avoid paying licence fees to the IASCF for using the standards. However, it is the policy of the IASB and its legal entity, the IFRS Foundation, to waive the related copyright if a governmental body (for example, the EU or a specific country) adopts the standards in full. Another reason is that the markets for the use of a standard (for example, financial instruments) are not developed. Sometimes, the IFRS are not translated into the local language and a comparison of local standards to IFRS is difficult. Of course, the IASCF is encouraging the translation of the standards. Understandably, the translation and localisation of standards was a major contributor in the successful and speedy adoption of the standards in the EU and globally.

Perhaps the best summary of the use of IFRS by jurisdiction is on www.iasplus.com, a website originally started and developed in 1997 by the IASC in London. Listed on the website are 174 countries regarding their status of adoption of IFRS ('required or permitted') and whether the audit report states compliance with IFRS. Specifically, see www.iasplus.com/country/useias.htm.

2.4 SUPPORT MATERIALS

Numerous support materials are available for XBRL. There are educational programmes, seminars and conferences available on a global basis. The large accounting firms list educational materials on their websites. The IASB holds annual seminars in selected cities around the world that feature board members and other IFRS experts. IFRS certification programmes are embedded in various professional degree courses. Furthermore, good sources for local programmes associated with XBRL are the accounting associations in each country.

This section provides selected references, as well as sources of additional information in relation to XBRL, and the implementation of that standard. The glossary is an instructive source of descriptive detail for additional understanding of XBRL.

Glossary – XBRL

The glossary is a further guide in relation to XBRL, published by the IFRS. It contains short definitions of terms related to IFRS Taxonomy as well as explanations of major XBRL concepts. For further details, especially in relation to links leading to additional information, such as specifications, associated terminology and illustrative examples, see www.ifrs.org/XBRL/Resources/Glossary.htm.

The glossary also appears in The IFRS Taxonomy. In addition, a shorter glossary, hosted by the SEC, is available at www.sec.gov/spotlight/xbrl/glossary.shtml.

A

abstract attribute
an abstract attribute appears on items definitions in schemas; its possible values are 'true' and 'false'; 'true' indicates that the item must not appear in instance documents; abstract elements (elements for which abstract attribute is 'true') are intended to support the presentation of business reports in XBRL;

arc
according to XBRL Specification 2.1 arcs relate concepts to each other by associating their locators; they also link concepts with resources by connecting the concept locators to the resources themselves; arcs are also used to connect fact locators to footnote resources in footnote extended links; arcs have a set of attributes that document the nature of the expressed relationships ; in particular they possess attributes: type (whose value must be 'arc'), from, to and arcrole;
Example:

```
<calculationArc
 xlink:type='arc'
 xlink:arcrole='http://www.xbrl.org/2003/arcrole/
summation-item'
 xlink:from='AssetsTotal' xlink:to='AssetsCurrent'
 weight='1.0' order='1'/>
```

arcrole attribute
an arcrole is an XLink attribute that describes the meaning of resources within the context of a link; it may be used on arc- and simple-type elements; on arcs it determines the semantics of the relationship that is being described or, in other words, it documents the kind of relationship that the arc expresses; there is a set of standard arcroles defined for specific arcs (labelArc, referenceArc, calculationArc; definitionArc, presentationArc and footnoteArc); the value of arcrole must be an absolute URI, (e.g. in presentation linkbase on presentationArc it is 'http://www.xbrl.org/2003/arcrole/parent-child');

attribute
according to the XML Specification 1.1, attributes are used to associate name-value pairs with elements; attribute specifications must not appear outside of start-tags (<...>) and empty-element tags (<.../>); each attribute specification

has a name and a value; XML attribute types are of three kinds: a string type (any literal string as a value), a set of tokenised types (varying lexical and semantic constraints), and enumerated types;

B

balance attribute
a balance is an optional attribute that appears on items which type is monetaryItemType; it is tokenised and may be assigned values 'credit' or 'debit'; according to the basic rule of double entry accounting, assets and expenses have a normal debit balance while equity, liabilities and revenues have a normal credit balance; other monetary elements may be assigned a balance attribute to improve calculation validation by restricting the sign of the value;

base taxonomy
a base taxonomy is a taxonomy that is used as the foundation for the creation of an extension;

C

calculation linkbase
a calculation linkbase is a linkbase that contains mathematical relationships such as addition and subtraction (see weight attribute) between numeric items defined in a schema document;

calculationArc element
a calculationArc is an XLink arc element; it defines how concepts relate to each other for calculation purposes; one standard arcrole value defined for this element is 'http://www.xbrl.org/2003/arcrole/summation-item'; Example:

```
<calculationArc
 xlink:type='arc'
 xlink:arcrole='http://www.xbrl.org/2003/arcrole/
summation-item'
 xlink:from='AssetsTotal' xlink:to='AssetsCurrent'
 weight='1.0' order='1'/>
```

concept
concepts are defined in two equivalent ways:

1. in a syntactic sense, a concept is an XML Schema element definition, defining the element to be in the item element substitution group or in the tuple element substitution group;
2. at a semantic level, a concept is a definition of a kind of fact that can be reported about the activities or nature of a business activity;

concept-label relation
a concept-label relation concerns arcrole value on a labelArc element which is 'http://www.xbrl.org/2003/arcrole/concept-label'; it is used from a concept locator (loc element) to a label element and it indicates that the label conveys human-readable information about the concept;

concept-reference relation
a concept-reference relation concerns arcrole value on referenceArc element which is 'http://www.xbrl.org/2003/arcrole/concept-label'; it is used from a concept locator (loc element) to a resource element and it indicates that the reference is to materials documenting the meaning of the concept;

context (inc. context element)
context is defined as:

1. background of the value of the business concept; component of the business fact;
2. an element that occurs as a child of the xbrl element in XBRL instances; it documents the entity, the period and the scenario that collectively give the appropriate context for understanding the values of items;

Example:

```
<xbrli:context id='Current _ AsOf'>
 <xbrli:entity>
 <xbrli:identifier scheme='www.example.com'>Sample Com-
pany</xbrli:identifier>
 </xbrli:entity>
 <xbrli:period>
 <xbrli:instant>2005-12-31</xbrli:instant>
 </xbrli:period>
</xbrli:context>
```

cross-context rule
the cross-context rule concerns instance documents and calculation linkbase and relates to impossibility to perform calculations between numeric items appearing in different contexts (i.e. when one is a flow and in its definition periodType value is set to 'duration' and the other is a resource and it is described as instant); typically, flows appear in Income statements and Statements of cash flows while resources are listed on Balance sheets; mix contexts (flows and resources together) occur whenever movements from a resource state at one point in time to another are to be calculated in a report or any kind of explanatory disclosure (for example, in the Statement of changes in equity, Changes in assets, etc.); the cross-context problem may be overcome using a formula linkbase and the functions that it provides;

D

decimals attribute
the decimals attribute appears on numeric items (facts) in instance documents; it specifies the number of decimal places to which the value of the fact represented may be considered accurate, possibly as a result of rounding or truncations; it must be an integer or possess the value 'INF' meaning that the number expressed is the exact value of the fact; the decimals attribute must not occur together with the precision attribute on the *same* fact element;

definition linkbase
a definition linkbase is a linkbase that is intended to contain a wide variety of miscellaneous relationships between concepts in taxonomies; four standard relations expressed by this linkbase are 'general-special', 'essence-alias', 'similar-tuples' and 'requires-element';

definitionArc element
a definitionArc is an XLink arc element; it defines different types of relationships that may appear between concepts; there are four standard arcrole values defined for this element and they are:
'http://www.xbrl.org/2003/arcrole/general-special'
'http://www.xbrl.org/2003/arcrole/essence-alias'
'http://www.xbrl.org/2003/arcrole/similar-tuples'
'http://www.xbrl.org/2003/arcrole/requires-element'
Example:

```
<definitionArc xlink:type='arc' xlink:from='postalCode'
xlink:to='zipCode' xlink:arcrole='http://www.xbrl.
org/2003/arcrole/general-special' order='1'/>
```

dimensions
the term dimensions in XBRL relates to the ability to express multidimensional financial information; for example profit from sales could be presented by products, regions, segments, and so on; to express such relations, XBRL International developed the Dimension 1.0 Specification that enriches the general XBRL Specifications with rules and procedures on how to construct dimensional taxonomies and instance documents; this specification has been a Candidate Recommendation since December 31, 2005;

DTS
a DTS is a collection of taxonomy schema documents and linkbases; the bounds of a DTS are such that the DTS includes all taxonomy schemas and linkbases that can be discovered by following links or references in the taxonomy schemas and linkbases included in the DTS; at least one taxonomy schema in a DTS must import the xbrl-instance-2003-12-31.xsd schema;

E

element
according to the XML Specification 1.1, each XML document contains one or more elements, the boundaries of which are either delimited by start-tags (<...>) and end-tags(</...>), or, for empty elements, by an empty-element tag (<.../>); each element has a type, is identified by name and may have a set of attribute specifications; in XBRL, elements are defined and assigned attributes in schemas and may appear either as items or as tuples; instance documents contain elements together with the content and information about the context that they are associated with;
Example:

```
<element
 id='ifrs _ AssetsTotal' name='AssetsTotal'
 type='xbrli:monetaryItemType'
substitutionGroup='xbrli:item'
 xbrli:periodType='instant' xbrli:balance='debit'
nillable='true' />
```

element's content (value)
an element's content appears between a start-tag (<...>) and a closing-tag (<.../>); in the example <Asset>1000</Asset> the number '1,000' is the content; content depends on the type of an element; empty elements (<.../>) have no content but they may carry information in their attributes or simply appear in instance documents;

entity element
an entity is a required element in a context; it identifies the entity that is reporting the facts; it must contain an identifier element and may include a segment description;
Example:

```
<entity>
 <identifier scheme='http://www.nasdaq.com'>COMPANY</
identifier>
 &lt;segment&gt;
 <my:state>MI</my:state>
 &lt;/segment&gt;
</entity>
```

essence-alias relation
an essence-alias relation concerns arcrole value on a definitioneArc element which is 'http://www.xbrl.org/2003/arcrole/essence-alias'; it connects items that have similar meaning in terms of business reporting and must be consistent as described in XBRL Spec. 5.2.6.2.2;

extended link element
an extended link is a link that associates an arbitrary number of resources; the participating resources may be any combination of remote an local; in other words, extended links represent a set of relationships between information that they contain and information contained in third party documents; as a part of a taxonomy, extended links are grouped in linkbases and provide additional information about concepts by expressing relations they come into; in particular, extended links contain locators, resources (e.g. label, reference,...) and arcs;

F

fact

a fact is a concept placed in a context and has an assigned value; facts appear in instance documents; they can be simple, in which case their values must be expressed as simple content (except in the case of simple facts whose values are expressed as a ratio), and facts can be compound, in which case their value is made up from other simple and/or compound facts; on the schema level, simple facts are expressed using items and compound facts are expressed using tuples; the comparison between a concept and a fact is presented in the table below:

Concept	Fact
Intangible Assets	Intangible Assets as of December 31, 2003 amounted to 300,000 GBP

footnote

footnotes appear in instance documents and provide additional information about facts; for example, several facts may be linked to the sentence: 'Including the effect of merger with Sample Company'; to express these connections; XBRL utilises footnoteLink extended link element; as a kind of linkbases, footnoteLinks enclose locators to the instance documents' facts; footnotes use footnoteArcs with arcrole value set to 'http://www.xbrl.org/2003/arcrole/fact-footnote' to connect facts to additional information;

```
<Assets id='AssetsID' decimals='0'
contextRef='Current _ AsOf'
 unitRef='GBP'>20000</Assets>
<link:loc xlink:type='locator' xlink:href='#AssetsID'
 xlink:label='AssetsLocator'/>
<link:footnoteArc xlink:type='arc'
 xlink:arcrole='http://www.xbrl.org/2003/arcrole/fact-
footnote'
 xlink:from='AssetsLocator' xlink:to='AssetsFootnote'
order='1.0'/>
<link:footnote xlink:type='resource'
xlink:label='AssetsFootnote'
```

```
 xlink:role='http://www.xbrl.org/2003/role/footnote'
xml:lang='en'>
 For more information see Disclosures on Asset</
link:footnote>
```

footnoteArc element
a footnoteArc is an XLink arc element; it appears in instance documents in footnoteLink extended link and connects facts with additional human-readable information (footnote) relating to them; one standard arcrole value defined for this element is 'http://www.xbrl.org/2003/arcrole/fact-footnote'. Example:

```
<link:footnoteArc
 xlink:type='arc'
 xlink:arcrole='http://www.xbrl.org/2003/arcrole/fact-
footnote'
 xlink:from='iascf-fs _ ContributionsReceivedInAdvance'
 xlink:to='iascf-fs _ ContributionsNote' order='1.0'/>
```

footnoteLink element
a footnoteLink element is an extended link appearing in instance documents; it contains locators, resources and arcs which describe additional information for facts by providing footnotes;

formula linkbase
a formula linkbase is a new linkbase that is being developed by XBRL International; it aims to satisfy the formula linkbase requirements document by providing a generalised mechanism to build formulae based on XBRL concepts and XBRL dimensions; formulae can be used to describe business rules for creating new XBRL facts in new instance documents and for describing consistency checking for instance documents; the formula linkbase specification is at the stage of Internal Working Draft;

from attribute
from is a XLink attribute and appears on arcs; its value must be equal to the value of a label attribute of at least one locator or resource on the same extended link as the arc element itself; its value must be an XML NCName (i.e. it must begin with a letter or an underscore);

FRTA
FRTA stands for Financial Reporting Taxonomy Architecture; it is a document published by the XBRL International Consortium that recommends architectural rules and establishes conventions that assist in comprehension, usage and performance among different financial reporting taxonomies; it is aimed to be applied mainly by public taxonomy developers (authorities); its latest version is a recommendation from April 25, 2005;

functions
the term functions in XBRL relates to XPath 2.0 functions adapted to aid in the querying and creation of XBRL instance documents; XBRL Functions 1.0 is at the stage of Internal Working Draft;

G

general-special relation
a general-special relation concerns arcrole value on a definitionArc element which is 'http://www.xbrl.org/2003/arcrole/general-special'; it is used to express relationships between concepts when one has more generic meaning than the other; the most common example is Postal Code for which the specific case is Zip Code used in the United States;

H

href attribute
href is an attribute that supplies the data that allows the XLink application to find a remote resource (or its fragment); it must be used on locators; its value must be a URI;

I

id attribute
an id attribute may appear on elements and attributes; its value must fulfil the same requirements as those imposed on the name attribute; it uniquely identifies elements or attributes which bear them; locators point to elements using the elements' ids; the id attribute must appear on context and unit elements;

identifier element
an identifier is an element that appears on the entity element; it specifies the scheme for identifying business entities using a required scheme attribute that contains the namespace URI of the identification system; it provides a framework for referencing naming authorities;

Example	Meaning
<identifier scheme='http://www.nasdaq.com'>SAMP</identifier>	The company with NASDAQ ticker symbol SAMP.

IFRS Taxonomy
the IFRS Taxonomy is a taxonomy developed by the IFRS (International Accounting Standards Committee) Foundation that represents concepts defined in IFRSs and relations between them; its latest version dated May 15, 2005 is Acknowledged under the XBRL International Taxonomy Recognition Process; it contains three schemas, 40 relationship linkbases; reference linkbase and labels in English, German, Portuguese and Japanese; more details can be found on its summary page;

import element
an import element is used to add many schemas with different target namespaces to a schema document; it contains a required attribute namespace and optional id and schemaLocation; at least one taxonomy schema in a DTS must import the xbrl-instance-2003-12-31.xsd schema;
Example:

```
<include
 namespace='http://www.xbrl.org/2003/instance'
 schemaLocation='http://www.xbrl.org/2003/xbrl-
instance-2003-12-31.xsd' />
```

include element
an include element is used to add multiple schemas with the same target namespaces to a schema document; it contains a required attribute schemaLocation and optional id;
Example:

```
<include schemaLocation='../../bus/gl-bus-2005-07-12.
xsd'/>
```

IFRSs
IFRS (International Financial Reporting Standards) together with International Accounting Standards (IAS) constitute a set of accounting rules issued by the International Accounting Standards Board; they are regarded as a 'principle-based' set of standards and are used across the world;

instance document
an instance document is a business report in the XBRL format; it contains tagged business facts (whose definitions can be found in the schemas that the instance document refers to), together with the context in which they appear and unit description; the root element of XBRL instances is <xbrl>;

item
an item is referred to in two ways:
1. 'item' is a value of the substitutionGroup attribute on an element in a schema;
2. an item is an element in the substitution group for the XBRL item element; in an instance document an item contains the value of the simple fact and a reference to the context (and unit for numeric items) needed to correctly interpret that fact; when items occur as children of a tuple, they must also be interpreted in light of the other items and tuples that are children of the same tuple; there are numeric items and non-numeric items, numeric items require to document their measurement accuracy (precision and decimals) and units of measurement;

ITMM
ITMM stands for IFRS Taxonomy Modules Manager; it was developed by the IFRS Foundation XBRL Team to help users manage the modularised IFRS taxonomy; it generates a 'shell' schema or an instance document that imports presentation and calculation linkbases as specified by the user;

J

No entries at present.

K

No entries at present.

L

label element
label elements appear in label linkbases on labelLink extended links; they provide human readable information about concepts they are connected to (using arcs and locators); this information may be carried by a label element which may vary from a simple label to a wide documentation of the concept; the content of the label element can be mixed and it may contain any string and/or a fragment of XHTML; it must contain the xml:lang attribute that describes the language of the content; an optional role attribute may provide additional information about the type of a label (details in XBRL Spec 5.2.2.2.2 Table 8) indicating whether the label is a standard one (no role or role set to 'http://www.xbrl.org/2003/role/label') , a documentation one ('http://www.xbrl.org/2003/role/documentation'), a measurement guidance one ('http://www.xbrl.org/2003/role/measurementGuidance'), etc.;

labelArc element
a labelArc is an XLink arc element; it connects concepts with label resources; one standard arcrole value for this element is 'http://www.xbrl.org/2003/arcrole/concept-label';
Example:

```
<labelArc xlink:type='arc'
 xlink:arcrole='http://www.xbrl.org/2003/arcrole/con-
cept-label'
 xlink:from='AssetsTotalLocator'
xlink:to='AssetsTotal _ LabelLocator' />
```

label linkbase
a label linkbase is a linkbase that contains relations between concepts defined in a schema and human-readable resources such as labels and documentation in different languages;

label attribute on locators
a label attribute on locators identifies the locator so that arcs in the same extended link can reference it; xlink:label attribute value is an NCName (this requirement means that it must begin with a letter or an underscore);

lang attribute
lang is an XML attribute that is used to identify the language in which the element's content is written; the values of this attribute must be language identifiers as defined by IETF RFC 3066;

linkbase
a linkbase is a collection of XLink extended links that document the semantics of concepts in a taxonomy; linkbases (often referred to as 'layers') fall in one of the three categories:

1. relation linkbases (calculation, definition and presentation) that manage the relations between taxonomy elements;
2. label linkbases that associate taxonomy elements with text written in various languages;
3. reference linkbases that connect concepts with authoritative literature;

linkbase element
a linkbase element is the root element of linkbases and is intended to be used as a linkbase container, holding namespace prefix definitions and the schemaLocation attribute; it may enclose one or more extended links;

loc element
a loc element appears on extended links and is used to locate elements defined in a schema (is acts as a locator); locators require attributes xlink:href and xlink:label;
Example:

```
<loc
 xlink:type='locator'
 xlink:href='ifrs-2005-05-15.xsd#ifrs _ AssetsTotal'
 xlink:label='ifrs _ AssetsTotalLocator' />
```

locator
locators supply an XPointer reference to the taxonomy schema element definitions that uniquely identify each concept; they provide an anchor for extended link arcs; for consistency there is only one locator defined for use in all XBRL extended links and it is <loc> element;

M

maxOccurs attribute
a maxOccurs attribute appears in XBRL mainly on element references in tuples; it indicates the maximum number of an element's occurrences on the tuple; its value must be a positive integer and the default is '1'; to express an unknown or infinite number the expression 'unbounded' is used;
Example:

```
<element ref='ifrs:NatureOfClassOfProvision' minOc-
curs='0' maxOccurs='3'/>
```

metadata
metadata is data about data (literally, since it is composed of Greek word meta and Latin term data, both meaning 'information'); in XBRL it could be explained as a computer understandable information about business concepts; the accounting term Asset is very meaningful to a persons familiar with financial reporting, but has no meaning to a computer until it is told how to interpret it; these definitions appear in schemas and are enriched by linkbases (which inform computers about the relationships between elements and between the elements and other resources); together schemas and linkbases constitute taxonomies;

minOccurs attribute
the minOccurs attribute appears in XBRL mainly on element references in tuples; it indicates the minimum number of an element's occurrences on the tuple; its value must be a positive integer and the default is '1';
Example:

```
<element ref='ifrs:NatureOfClassOfProvision' minOc-
curs='0' maxOccurs='3'/>
```

N

name attribute
a name attribute appears on the definitions of elements and attributes and assigns them with a unique name; it begins with a letter (or one of the punctuation characters from a specific set) and continues with letters, digits, hyphens, underscores, colons, or full stops which together are known as name characters; they must not begin with the string 'xml' (upper or lower case in any

combination), since it is reserved for the XML standardisation and specification;

namespace
an XML namespace is a collection of names, identified by a URI reference, which are used in XML documents as element types and attribute names; XML namespaces differ from the 'namespaces' conventionally used in computing disciplines in that the XML version has an internal structure and is not, mathematically speaking, a set; the XML namespace attribute (xmlns) is placed in the start tag of an element (typically the root element e.g. <schema> or <linkbase>) and possesses the following syntax–xmlns:prefix='namespaceURI';
Examples:

```
 xmlns='http://www.w3.org/2001/XMLSchema'
 xmlns:xbrli='http://www.xbrl.org/2003/instance'
 xmlns:link='http://www.xbrl.org/2003/linkbase'
 xmlns:xlink='http://www.w3.org/1999/xlink'
 xmlns:ifrs='http://xbrl.iasb.org/int/fr/ifrs/2005-05-15'
 xmlns:ifrs-typ='http://xbrl.iasb.org/int/fr/ifrs/2005-
05-15/types'
 targetNamespace='http://xbrl.iasb.org/int/fr/ifrs/2005-
05-15'
```

non-numeric item
a non-numeric item is an item that is not a numeric item, for example dates;

numeric item
a numeric item is an item whose content is derived by restriction of XML Schema types decimal, float or double, or has complex content derived by the restriction of the XBRL defined type fractionItemType; reported in an instance document it needs the reference to a unit;

O

No entries at present.

P

parent-child relation
a parent-child relation concerns an arcrole value on the presentationArc element which is 'http://www.xbrl.org/2003/arcrole/parent-child'; it is used to express

hierarchical relations between concepts that appear in paper form business reports and stem from financial and accounting principles, rules and regulations;

period element
in XBRL, the term period relates to instant or duration time; in business reporting, financial facts are reported either 'as of' a particular date (for example in Balance Sheet) or 'for period' (i.e. for the time between two specified dates of which one begins the period and the other ends it); the period element constrains the instant or interval time for reference by an item element in instance documents; different periods are carried by different contexts; to reflect the business reporting idea of instant and duration, the period element may carry either a single instant element or a sequence of startDate and endDate elements or an element forever; the first three elements' content must be a date TimeType (yyyy-mm-dd:Thh:mm:ss) or dateType (yyyy-mm-dd) while the last one is empty;

```
<xbrli:period>
 <xbrli:startDate>2005-01-31</xbrli:startDate>
 <xbrli:endDate>2005-12-31</xbrli:endDate>
</xbrli:period>
<xbrli:period>
 <xbrli:instant>2005-12-31</xbrli:instant>
</xbrli:period>
```

periodType attribute
a periodType attribute appears on element elements in schemas; it must be used on items; it may be assigned one of the two values 'instant' and 'duration'; the first one indicates that the element, when used in an XBRL instance, must always be associated with a context in which the period is instant (that is, at the point of time); the later means that this period in instance documents must be expressed either using a sequence of startDate and endDate elements or an element forever;

precision attribute
a precision attribute appears on numeric items (facts) in instance documents; it conveys the arithmetic precision of a measurement and, therefore, the utility of that measurement to further calculations; it must be an integer or possess the value 'INF' meaning that the number expressed is the exact value of the fact; the precision attribute must not occur together with the decimals attribute on the same fact element;

prefix
when declaring namespaces, they may be associated with prefixes which are used to qualify references to any schema components belonging to that namespace; prefixes, that precede names of elements, attributes and some of their predefined values, provide an indication of where to find definitions of these properties;

presentation linkbase
a presentation linkbase is a linkbase that contains hierarchical presentation relationships between concepts defined in the schemas it refers to; it includes extended links that contain locators of elements and arcs reflecting parent-child relations between them;

presentationArc element
the presentationArc is an XLink arc element; it is used in presentation linkbases to define hierarchical relations between concepts in terms of their appearance in business reports; one standard arcrole value defined for this element is 'http://www.xbrl.org/2003/arcrole/parent-child'.
Example:

```
<presentationArc
 xlink:type='arc'
 xlink:arcrole='http://www.xbrl.org/2003/arcrole/parent-
child'
 xlink:from='ifrs_Assets'
 xlink:to='ifrs_AssetsCurrent'
 order='1' use='optional'/>
```

Q

No entries at present.

R

reference element
a reference element appears on referenceLink extended links; it is intended to enable taxonomies to ground the definitions of concepts in authoritative statements in published business, financial and accounting literature; it should provide the information necessary to find the reference materials that are relevant to understanding appropriate usage of the concept

being defined, but does not include the reference materials themselves; the reference element carries an arcrole attribute that describes the type of reference being defined (presentation, measurement, definition, etc...); it also contains a set of elements called parts (from their substitutionGroup which is 'link:part'); because the structure of reference materials may differ, taxonomy creators are allowed to define their own parts; however, there is a predefined universal set of parts available (http://www.xbrl.org/2003/xbrl-linkbase-2003-12-31.xsd and http://www.xbrl.org/2004/ref-2004-08-10.xsd);
Examples:

```
<reference xlink:type='resource'
 xlink:role='http://www.xbrl.org/2003/role/presentation-
Ref'
 xlink:label='CashFlowsFromUsedInOperationsTotal _ ref'>
 <ref:Name>IAS</ref:Name>
 <ref:Number>7</ref:Number>
 <ref:Paragraph>14</ref:Paragraph>
</reference>
<reference xlink:type='resource'
 xlink:role='http://www.xbrl.org/2003/role/measuremen-
tRef'
 xlink:label='CashFlowsFromUsedInOperationsTotal _ ref'>
 <ref:Name>IAS</ref:Name>
 <ref:Number>7</ref:Number;>
 <ref:Paragraph>18</ref:Paragraph>
 <ref:Subparagraph>a</ref:Subparagraph&>
</reference>
```

reference linkbase
a reference linkbase is intended to contain relationships between concepts and references to authoritative statements in the published business, financial and accounting literature that give meaning to the concepts; it includes extended links referenceLink that contain locators of elements defined in schema, reference elements describing resources and arcs presenting concept-reference relations between them;

referenceArc element
a referenceArc is an XLink arc element; it connects concepts with reference resources; one standard arcrole value for this element is 'http://www.xbrl.org/2003/arcrole/concept-reference';

Example:

```
<referenceArc
 xlink:type='arc'
 xlink:arcrole='http://www.xbrl.org/2003/arcrole/
concept-reference'
 xlink:from='AssetsTotalLocator'
xlink:to='AssetsTotal _ LabelLocator' />
```

requires-element relation
a requires-element relation concerns arcrole value on a definitionArc element which is 'http://www.xbrl.org/2003/arcrole/requires-element'; it is used to indicate elements required in business reports i.e. concepts that must appear in instance documents;

role attribute
a role is an XLink attribute that describes the meaning of resources within the context of a link; it may be used on extended- and simple-type elements as well as locators and resources; the value of role must be an absolute URI;

root element
a root element is the top level element fulfilling the role of a container for a larger whole; in XBRL such elements could be schema, xbrl and linkbase;

S

schema document
a schema document contains definitions of concepts; together with linkbases which refer to it, it constitutes a taxonomy; a schema document should specify a target namespace; its root element is schema;

schema element
a schema element is the root element of schema document; it opens and closes every taxonomy schema; it specifies the target namespace and may assign prefixes to other namespaces used;
Example:

```
<schema
 xmlns='http://www.w3.org/2001/XMLSchema'
 xmlns:xbrli='http://www.xbrl.org/2003/instance'
```

```
 xmlns:link='http://www.xbrl.org/2003/linkbase'
 xmlns:xlink='http://www.w3.org/1999/xlink'
 xmlns:ifrs='http://xbrl.iasb.org/int/fr/ifrs/2005-05-15'
 xmlns:ifrs-typ='http://xbrl.iasb.org/int/fr/ifrs/2005-
05-15/types'
 targetNamespace='http://xbrl.iasb.org/int/fr/ifrs/2005-
05-15'
 elementFormDefault='qualified'
 attributeFormDefault='unqualified'>
 <!-- content - definitions -->
</schema>
```

schemaLocation attribute
a schemaLocation attribute is used in four circumstances:

1. on an xbrl element in instance documents to provide indicators to the application regarding the location of schema documents against which the instance was created;
2. on a linkbase element in linkbases to indicate the application the location of schema documents;
3. (optional) on an import element in schema documents to provide hints to the application regarding the location of schema documents that the author warrants; there it supplies the required components for the namespace identified by the namespace attribute;
4. (required) on an include element in schema documents it contains a URI reference which must identify a schema document; the effect is to compose a final effective schema by merging the declarations and definitions of the including and included schemas;

Example:

```
<xbrl
 xsi:schemaLocation='http://xbrl.iasb.org/int/fr/
ifrs/2005-05-15/proof
 Proof-ifrs-2005-05-15.xsd'>
```

schemaRef element
a schemaRef element must appear in every instance document as a child of an xbrl element before other parts of an instance; it specifies the taxonomy schemas an instance belongs to.

segment element
a segment element appears on an entity element in a context definition; it is an optional container for additional tags defined by the instance preparer; it is intended to identify the business segment more completely in cases where the entity identifier is insufficient; in general, the content of a segment will be specific to the purpose of the XBRL instance; this element must not appear empty;
Example:

```
&lt;segment&gt;
&lt;my:stateProvince&gt;MI&lt;/my:stateProvince&gt;
&lt;/segment&gt;
```

scenario element
a scenario is an optional element that appears in instance documents; it allows for additional information to be included in instances; the preparer of an instance defines the tags used to describe the information; this information shall enclose in particular the type of data reported (for example actual, budgeted, restated, pro forma, ...)

'shell' schema
a 'shell' schema is produced by the ITMM tool; it refers to the IFRS Taxonomy by importing its schema and user-selected linkbases;

similar-tuples relation
a similar-tuples relation concerns arcrole value on definitionArc element which is 'http://www.xbrl.org/2003/arcrole/similar-tuples'; it represents relationships between tuple concepts that have equivalent definitions; for example, this kind of relationship would be appropriate to use between two different tuple concepts that are both designed to describe mailing addresses;

substitutionGroup attribute
a substitutionGroup attribute appears on elements' definitions in schemas; XBRL defines two basic substitution groups: items and tuples; its purpose is to indicate which type you can substitute with the actual definition;

summation-item relation
a summation-item relation concerns arcrole value on a calculationArc element which is 'http://www.xbrl.org/2003/arcrole/summation-item'; it represents relationships only between concepts that are in the item

substitutionGroup and whose type is numeric (e.g. monetary or decimal); the weight attribute defines the algebraic sign of the operation;

T

tag
mark-up languages such as XBRL use tags to describe data; for example <Asset>1000</Asset> - the word Asset together with the brackets '<' and '>' is called a tag; there are opening tags: <...> and closing tags: </...>.

taxonomy
taxonomy in general means a catalogue or a set of rules for classification; in XBRL, a taxonomy is a dictionary, containing computer-readable definitions of business reporting terms as well relationships between them and links connecting them to human-readable resources (metadata); a typical taxonomy consists of a schema (or schemas) and linkbases; a set of taxonomies that can be discovered from one entry point schema is called DTS;

taxonomy extension
taxonomy extensions add concepts and modify the relationships among the concepts in the base taxonomies that they extend; they are created to support specialised reporting requirements in specific accounting jurisdictions, in specific industries, or for specific companies; taxonomy extensions consist of a set of taxonomy schemas and/or linkbases that augment a DTS that includes the base taxonomies.

to attribute
to is a XLink attribute and appears on arcs; its value must be equal to the value of a label attribute of at least one locator or resource on the same extended link as the arc element itself; its value must be an XML NCName (i.e. it must begin with a letter or an underscore);

tuple
a 'tuple' is one of two standard values of the substitutionGroup attribute on element element in an XBRL schema; elements possessing this value are often referred to as tuples; according to the XBRL Specification, tuples associate facts that cannot be independently understood and their meaning depends on their relationship to other elements; an example of such a set of facts is a payroll row which consists of the name of the employee, his/her position

and salary; each of these elements does not have full meaning without being associated with the others; tuples are commonly used to express tables with known headings and an unknown number of rows; tuples do not carry any human-readable content; instead, they contain other elements; in XML, elements that contain other elements are said to have complex types; additionally, tuples do not possess any content other than their various elements so their complexContent restricts anyType only to the elements referred to; a tuple definition may also contain information on the number of minimum and maximum occurrences of elements possessed as well as their sequence;

```
<element name='ifrs _ ElementReclassified' substitution
Group='xbrli:tuple'>
 <complexType>
 <complexContent>
 <restriction base='anyType'>
 <sequence>
 <element ref='ifrs:DescriptionOfElementReclassificat
ion'
 minOccurs='0' maxOccurs='1'/>
 <element ref='ifrs:CodeOfElementReclassification'
 minOccurs='0' maxOccurs='1'/>
 <element ref='ifrs:FinancialImpactOfReclassification'
 minOccurs='0' maxOccurs='1'/>
 </sequence>
 </restriction>
 <attribute name='id' type='ID' use='optional'/>
 </complexContent>
 </complexType>
</element>
```

type attribute
a type attribute may or must appear on different elements; from an XBRL perspective, the most important type attribute appears on concepts definitions in schema which indicate the data types of the described items; XBRL item types were derived from XML data types; the most common types used in financial reporting taxonomies are stringItemType that may contain any string of characters, monetaryItemType that is used in concepts for which there is a need to specify a currency and decimalItemType which is carried by other numeric items; taxonomy creators may create their own types as necessary to express financial information by extending or restricting the available XBRL

or XML predefined types; a type attribute must also appear on XLink simple- and extended-links (in particular on schemaRef and linkbaseRef elements);

U

unit element
a unit is an element that appears in instance documents and specifies the units in which numeric items (that refer to its required id attribute using unitRef attribute) have been measured; it may define simple units using a measure element and complex units providing divide element and its subelements (unitNumerator and unitDenominator); there are several constraints imposed on this element, its children and their content; for example monetary concepts must refer to ISO 4217 currency codes;

Example	Explanation
<unit id='U-GBP'> <measure xmlns:ISO4217='http://www.xbrl.org/2003/iso4217'> ISO4217:GBP</measure> </unit>	Currency, UK Pounds
<unit id='percent'> <measure>xbrli:pure</measure> </unit>	Pure number (%, number of employees)
<unit id='u1'> <measure>xbrli:shares</measure> </unit>	Number of shares
<unit id='u6'> <divide> <unitNumerator> <measure>ISO4217:EUR</measure> </unitNumerator> <unitDenominator> <measure>xbrli:shares</measure> </unitDenominator> </divide> </unit>	EPS (Earnings Per Share) in Euros per share

URI reference
URI stands for Uniform Resource Identifier and is a compact string of characters used for identifying an abstract or physical resource; it appears in absolute or relative form; URI references are not allowed to contain characters such as all non-ASCII characters and excluded characters listed in IETF RFC 2396, except for number sign (#) and percent sign (%) and the square brackets; example: http://www.iasb.org/xbrl;

use attribute
use is an optional attribute that appears on arcs; its two possible values are 'optional' and 'prohibited'; 'optional' is a default value (that is the value that the attribute is assigned when it is not specified) and represents a relationship that may participate in the network of relations defined in a DTS; 'prohibited' indicates that the relationship does not exist; the use attribute is used by taxonomy extension creators to prohibit and override relations defined in linkbases of the base taxonomy;

V

versioning
the term versioning in XBRL relates to issues and problems that occur when implementing changes to an existing taxonomy; any changes to a taxonomy may particularly affect extensions that are based on it; versioning aims to help applications and people involved in taxonomy building and instance creation to tack these changes; first set of requirements concerning this issue was released by XBRL International on 1 October 2002; the second edition called the Taxonomy Life Cycle is at the stage of Internal Working Draft;

W

weight attribute
weight is a required attribute on calculationArc elements; it must have a non-zero decimal value; for summation-item arcs, the weight attribute indicates the multiplier to be applied to a numeric item value (content) when accumulating numeric values from item elements to summation elements; a value of '1.0' means that 1.0 times the numeric value of the item is applied to the parent item; a weight of '−1.0' means that 1.0 times the numeric value is subtracted from the summation item; there are also rules that are applied

to the calculation of elements possessing opposite balance attribute values ('credit' and 'debit');

X

XBRL
XBRL stands for eXtensible Business Reporting Language; it is an XML dialect developed for business and financial reporting purposes by a non-profit consortium XBRL International which has members from 400 companies and institutions that represent finance and IT sector organisations from all over the world; learn more from our Fundamentals of XBRL section or visit the XBRL International website;

xbrl element
an xbrl element is usually the root element of instance documents; in files, it serves as a container of data in XBRL format; first and foremost it contains an element that refers to the schema (schemaRef), provides contextual information (context and unit) for included facts and may provide them with footnotes (footnoteLink);

XBRL Specification
an XBRL Specification defines the rules and fundamentals of the language; it is designed to communicate information to IT professionals who develop applications and tools intended to be XBRL compatible and to a lesser extent is assists taxonomy creators; to find out more and obtain the latest version of the XBRL Specification visit XBRL International website;

XLink
XLink (XML Linking Language) is a language for creating hyperlinks in XML documents; it works in a similar way to the <a> element and its href attribute in HTML; to get access to its features there should be an XLink namespace declared usually at the top of the document ('http://www.w3.org/1999/xlink');

XML
XML stands for Extensible Markup Language; it was developed by W3C (World Wide Web Consortium) to describe and carry data by allowing users to define their own tags (in contrast to HTML where the tags are predefined); this

data (tags) is characterised using a Document Type Definition (DTD) or XML Schema which are self-descriptive;

xmlns attribute
an xmlns attribute is used to declare namespaces and their prefixes; in XBRL it is usually used on root or top level elements (schema, linkbase, xbrl);

XML Schema
an XML Schema defines the structure and the content of the XML documents that refer to it, by defining, in particular, the elements and attributes and providing information about their type and possible content;

XPath
XPath was developed to help finding information in XML documents; it is mainly used in XSLT to navigate over elements and attributes; XPath provides a set of functions that allows specific actions to be performed on XML data;

XPointer
XPointer supports XLink by providing solutions to locate specific fragments of the XML document; its full name is XML Pointing Language; XBRL uses two specific XPointer schemes: the element pointer (works by counting) and the shorthand pointer(works by referencing to an id);

XSLT
XSLT stands for eXtensible Stylesheet Language Transformations and has been developed to facilitate conversions of XML documents into other XML documents or into other formats (e.g. XHTML); to perform these transformations, XSLT uses XPath expressions;

Y

No entries at present.

Z

No entries at present.

Useful papers, presentations and links

There are a large number of white papers and articles about XBRL. For example, in June 2011, IFAC and the Information Systems Audit and Control Association (ISACA) jointly developed and published *Leveraging XBRL for Value in Organizations*, a short document that provides an excellent overview of XBRL. This can be obtained at

www.isaca.org/Knowledge-Center/Research/ResearchDeliverables/Pages/Leveraging-XBRL-for-Value-in-Organizations.aspx or via

www.ifac.org/publications-resources/leveraging-xbrl-value-organizations-0.

The contents of the document are as follows:

- Introduction
- XBRL. An explanation
- Leveraging XBRL for value
- Strategies for addressing XBRL within the organization
- Conclusions

Leveraging XBRL for Value in Organizations was developed to provide accounting and assurance professionals with guidance in relation to leveraging value from XBRL initiatives and compliance requirements. It is strongly suggested that the benefits and opportunities of embedding XBRL within internal processes can enhance management communication, thus increasing the value of information used within an organisation. Examples and case study material are included.

ISACA is an international professional association that deals with IT governance. It is an affiliate member of IFAC. Previously known as the Information Systems Audit and Control Association, ISACA now goes by its acronym only, to reflect the broad range of IT governance professionals it serves. As an independent, non-profit, global association, ISACA engages in the development, adoption and use of globally accepted, industry-leading knowledge and practices for information systems. It was incorporated in 1969 by a small group of individuals who recognised a need for a centralised source of information and guidance in the growing field of auditing controls for computer systems. Today, ISACA has more than 95,000 members worldwide.

In addition, see *Implementing XBRL – A practical guide for accountants in business and practice*, published in 2010 by the Institute of Chartered Accountants in England and Wales (ICAEW), in conjunction with Thomson Reuters, available at www.icaew.com/en/technical/information-technology/~/media/6A671087 11334E1DA9F17FB0456F721C.ashx.

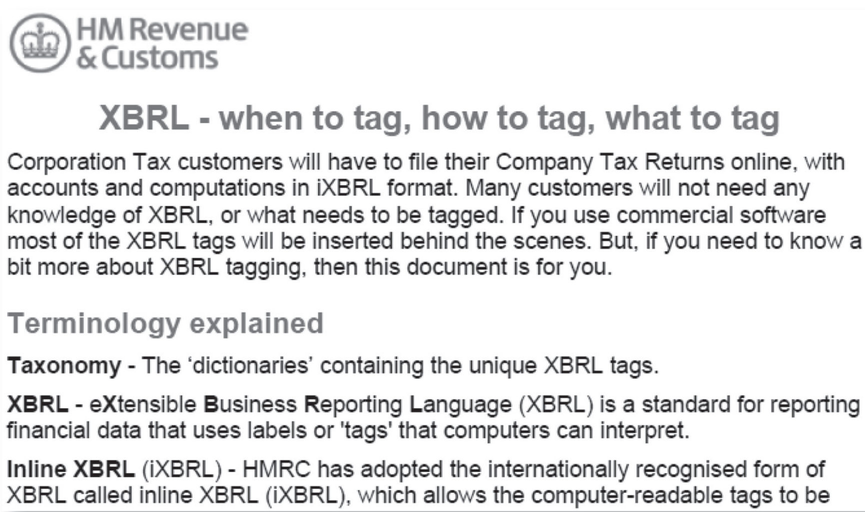
It features the HM Revenue & Customs' online services in the United Kingdom – all statutory tax returns must be filed electronically, online, through the Government Gateway, in a special format using XBRL.

This short, 12-page document contains the following:

- Introduction
- Choices
- Approaches
- Sources of Further Information
- XBRL and iXBRL Products and Services

Following on from this particular topic, specifically the use of XBRL by the pioneering HM Revenue & Customs, see *XBRL – when to tag, how to tag, what to tag* (Figure 2.7). This document of only nine pages is available at www.hmrc.gov.uk/ct/ct-online/file-return/online-xbrltag.pdf.

In January 2010, staff of the International Auditing and Assurance Standards Board (IAASB) issued a Q&A publication, *XBRL: The Emerging Landscape*, accessible at www.ifac.org/sites/default/files/publications/files/xbrl-the-emerging-landscape.pdf.



HM Revenue & Customs

XBRL - when to tag, how to tag, what to tag

Corporation Tax customers will have to file their Company Tax Returns online, with accounts and computations in iXBRL format. Many customers will not need any knowledge of XBRL, or what needs to be tagged. If you use commercial software most of the XBRL tags will be inserted behind the scenes. But, if you need to know a bit more about XBRL tagging, then this document is for you.

Terminology explained

Taxonomy - The 'dictionaries' containing the unique XBRL tags.

XBRL - e**X**tensible **B**usiness **R**eporting **L**anguage (XBRL) is a standard for reporting financial data that uses labels or 'tags' that computers can interpret.

Inline XBRL (iXBRL) - HMRC has adopted the internationally recognised form of XBRL called inline XBRL (iXBRL), which allows the computer-readable tags to be

FIGURE 2.7 XBRL – when to tag, how to tag, what to tag. Reproduced by permission of HM Revenue & Customs.

XBRL: The Emerging Landscape highlights the growing interest in, and use of, XBRL. It raises awareness of how XBRL-tagged data is prepared and how it may affect financial reporting. It also clarifies that the IAASB's auditing pronouncements did not impose requirements on auditors with respect to XBRL-tagged data or the representation of this data.

The key messages of this paper are:

- XBRL is an electronic business information format expected to provide benefits in the preparation, analysis and communication of business information;
- the use of XBRL can vary by jurisdiction and may be driven by regulatory requirements or voluntary application;
- under the current International Standards on Auditing (ISAs), auditors are not required to perform procedures or provide assurance on XBRL-tagged data in the context of audited financial statements. Accordingly, the auditor's report in accordance with the ISAs on the financial statements does not cover the process by which XBRL data is tagged, the XBRL-tagged data that results from this process, or any representation of XBRL-tagged data;
- the IAASB is currently undertaking a consultation to determine the needs of preparers and users of XBRL-tagged data. This consultation will assist the IAASB in assessing whether it is necessary and in the public interest to develop a pronouncement addressing association with and/or assurance on XBRL-tagged data.

For more information, see the following:

Six Steps to XBRL

www.journalofaccountancy.com/issues/2008/feb/sixstepstoxbrl.htm
ROI on XBRL
www.journalofaccountancy.com/Issues/2007/Jun/RoiOnXbrl.htm
The XBRL Resource Center on the American Institute of Certified Public Accountants (AICPA)
www.aicpa.org/InterestAreas/FRC/AccountingFinancialReporting/XBRL/Pages/XBRL.aspx
This website is continually updated with new articles, resources and events related to XBRL.
XBRL: The Views of Stakeholders
www2.accaglobal.com/general/activities/research/reports/financial

In 2009, the Association of Chartered Certified Accountants (ACCA) issued this research report to conduct a survey of accountants in UK-listed companies (FTSE All Share), external auditors, tax practitioners, and representatives of the investment management and analyst communities to investigate their views on how the development of second-generation digital reporting in general, and XBRL in particular, could affect the future of the business reporting and analysis process.

Everything You Need to Know about XBRL

www2.accaglobal.com/uk/members/technical/business/your_business/xbrl

The ACCA also developed this web page. Also, through its home page, www.accaglobal.com, there are various policy papers, articles and reports on XBRL.

CFO Briefing – Transition to XBRL

www.cica.ca/publications/list-of-publications/manual/item28812.pdf

This 2009 document from the Canadian Institute of Chartered Accountants (CICA) offers clarification on XBRL by introducing basic concepts, exploring the benefits and downfalls of implementation, indicating the status of XBRL reporting in Canada, and offering tips for preparation.

Interactive data: Building XBRL into Accounting Information Systems

www.cica.ca/focus-on-practice-areas/information-technology/it-advisory-committee/recent-activities/item13304.aspx

Also from CICA, from 2007, this publication explores the implementation and business process implications of tagging XBRL at different levels in an organisation's information infrastructure.

XBRL – the impact on your finance function

www.cimaglobal.com/Thought-leadership/Newsletters/Insight-e-magazine/Insight-2010/Insight-February-2010/XBRL--the-impact-on-your-finance-function/

The Chartered Institute of Management Accountants' (CIMA) 2010 publication encourages both larger and smaller businesses to consider the short-term challenges and longer-term benefits that XBRL can bring.

XBRL – more than just a regulatory tool? – CIMA blog from 2009

community.cimaglobal.com/blogs/cid-out-and-about/xbrl-more-just-a-regulatory-tool

XBRL for Internal Reporting Use? – CIMA blog from 2010

community.cimaglobal.com/discussions/financial-reporting/xbrl-internal-reporting-use

XBRL-related articles from CMA Canada
www.cmamagazine.ca

- XBRL on the rise
- XBRL – are we close to the tipping point?
- The information supply chain – changing the landscape: XBRL – eXtensible Business Reporting Language – is at the heart of a revolt

eXtensible Business Reporting Language (XBRL) – The Impact on Accountants and Auditors
www.fee.be/publications/default.asp?library_ref=4&content_ref=1181
This was designed in 2009 to explain XBRL briefly, its impact on practitioners, and the position on XBRL by the Federation des Experts Comptables Europeens.
Resource and links web page for XBRL content
www.charteredaccountants.com.au/Industry-Topics/Special-interest/IT-and-XBRL/Useful-links.aspx
Developed by the Institute of Chartered Accountants in Australia (ICAA), which also has a web page on standard business reporting, at www.charteredaccountants.com.au/Industry-Topics/Reporting/Current-issues/Standard-business-reporting.
XBRL micro-site of the Institute of Chartered Accountants in England and Wales
www.icaew.com/en/technical/information-technology/xbrl-extensible-business-reporting-language
This incorporates downloads and links to relevant XBRL resources.
XBRL India
www2.xbrl.org/in
Launched by the Institute of Chartered Accountants of India (ICAI), which is spearheading the Indian XBRL initiative and has provisional jurisdiction over XBRL in India.
What's in it for internal auditors
www.theiia.org/theiia/newsroom/news-releases/?i=10126
Released by the Institute of Internal Auditors in 2009, this provides internal auditors with an overview of XBRL, approaches to implementation, and information on how internal auditors can be involved in the adoption of the reporting format.
Animated XBRL tutorial – Japan
www.hp.jicpa.or.jp/english/xbrl/index.html?width=720&height=680
The Japanese Institute of Certified Public Accountants (JICPA) posted a tutorial animation (with English subtitles) on its website that introduces XBRL.

Dossier XBRL
www.accountant.nl/Accountant/Dossiers/XBRL/Dossier+XBRL.aspx
Nederlandse Beroepsorganisatie van Accountants (NBA) brought various XBRL resources together on a designated web page.
South African XBRL
www.saica.co.za/TechnicalInformation/CorporateReporting/XBRL/tabid/645/language/en-ZA/Default.aspx
The South African Institute of Chartered Accountants (SAICA) has an XBRL information page with relevant links on its website.
BDO XBRL
www.bdo.com/services/assurance/xbrl/
BDO United States has designated a special web page on XBRL, on which it brings together some frequently asked questions and links.
eXtensible Business Reporting Language – A Guide for Investors
www.cfainstitute.org/learning/products/publications/ccb/Pages/ccb.v2009.n3.1.aspx
In 2009, the CFA Institute issued this publication, which provides an overview of the basic aspects of the new technology and describes, for investment professionals, the benefits and challenges presented as the industry moves towards full adoption of XBRL reporting.
Deloitte Touche Tohmatsu XBRL
www.deloitte.com/view/en_GX/global/insights/focus-on-the-issues/extensible-business-reporting-language/index.htm
Deloitte has a specific XBRL website to bring together its XBRL resources.
Addressing XBRL – Moving Business and Financial Reporting into the Digital Age
www.ey.com/RU/en/Issues/IFRS/AABS---IFRS---7-Archive
This 2010 Ernst & Young publication is designed to answer the key questions on XBRL by financial executives, such as CFOs, controllers and audit committee executives.
FASB XBRL
www.fasb.org/jsp/FASB/Page/SectionPage&cid=1218220087005
The Financial Accounting Standards Board brings together its XBRL resources in the FASB XBRL section of its website.
XBRL FAQ
www.gt.com/portal/site/gtcom/menuitem.91c078ed5c0ef4ca80cd8710033841ca/?vgnextoid=64f3e2764cdd7010VgnVCM100000308314acRCRD

Grant Thornton issued the paper, XBRL/Interactive Data FAQs, which is designed to provide a non-technical overview and answer some of the basic questions about XBRL.

XBRL and IFRSs

www.ifrs.org/XBRL/XBRL.htm

The IASB has a number of web pages that bring together IFRS XBRL resources and support materials, some of which are specifically designed for preparers and auditors.

Snapshot

www.ifrs.org/XBRL/Resources/Resources.htm

The IASB provides an introduction to XBRL and IFRS.

IFRS Taxonomy Illustrated

www.ifrs.org/XBRL/Resources/Resources.htm

This was created by the IASB to facilitate the understanding of the taxonomy and its structure, and ultimately to assist with the preparation of IFRS financial reports in XBRL format.

xIFRS

www.ifrs.org/XBRL/Resources/Resources.htm

This is an online tool developed by the IFRSF to support viewing and understanding of the IFRS Taxonomy. It provides a view of the electronic IFRS with embedded XBRL, and is available for both the IFRS and the IFRS for SMEs.

IFRS Taxonomy Formula Linkbase

www.ifrs.org/XBRL/Resources/Resources.htm

A document prepared by the IFRSF to provide guidance for technical and financial reporting audiences, in order to better understand IFRS concepts and their meaning.

Illustrative examples

www.ifrs.org/XBRL/Resources/Resources.htm

Sample XBRL and iXBRL (Inline XBRL) financial statements and notes created using the IFRS Taxonomy, prepared by the IFRSF.

The IFRS Taxonomy Guide

www.ifrs.org/XBRL/Resources/Resources.htm

A technical guide for users of the IFRS Taxonomy, prepared by the IFRSF.

External taxonomy viewers

www.ifrs.org/XBRL/Resources/Resources.htm

A list of commercial XBRL projects that can be used to view the IFRS Taxonomy, prepared by the IFRSF.

XBRL Update
www.ifrs.org/XBRL/Resources/Resources.htm
The newsletter of the IFRSF XBRL team, prepared by the IFRSF.
IFRS Foundation Annual Report
www.ifrs.org/XBRL/Resources/Resources.htm
The financial statements from the IFRSF's annual reports prepared as XBRL instance documents using the IFRS Taxonomy, prepared by the IFRSF.
Frequently asked questions
www.ifrs.org/XBRL/Resources/Resources.htm
Answers to FAQs regarding IFRS and XBRL, prepared by the IFRSF.
XBRL fundamentals
www.ifrs.org/XBRL/Resources/Resources.htm
An introduction to the basics of XBRL, including explanations of the major terms underlying XBRL concepts, prepared by the IFRSF.
Glossary
www.ifrs.org/XBRL/Resources/Resources.htm
Short definitions of terms related to the IFRS Taxonomy as well as explanations of major XBRL concepts, prepared by the IFRSF.
Presentations
www.ifrs.org/XBRL/Resources/Resources.htm
An archive of presentations given by the IFRS Foundation XBRL team.
Useful links
www.ifrs.org/XBRL/Resources/Resources.htm
Links to external projects, coordinated by other parties, where the IFRS Taxonomy is used, prepared by the IFRSF.
XBRL: Digital business reporting
www.kpmg.com/global/en/whatwedo/special-interests/xbrl/pages/default.aspx
On this website, KPMG describes how XBRL can enhance corporate reporting and includes links to additional resources.
Standardise to Streamline – The Implications of Supply Chain Standards for Accountants
www.chessys.com/news_display.php?id=39
In the article (Chesapeake System Solutions, 2010), PricewaterhouseCoopers partner and XBRL International chairman Mike Willis summarises the benefits for accountants in streamlining the business reporting processes with XBRL.

Standard Business Reporting Programma
www.sbr-nl.nl
This was established by the Dutch government to promote and facilitate the use of XBRL-based standard business reporting (SBR) and has a video to illustrate the usefulness of SBR for smaller organisations.
XBRL Taxonomy – The World Intellectual Capital Initiative (WICI)
www.wici-global.com/taxonomies.php
In 2008, WICI published a comprehensive information framework and XBRL taxonomy to help companies improve communications with investors and other stakeholders about business strategy and performance.
Best Practices – XBRL International
www.xbrl.org/BestPractices
In February 2010, XBRL International published a database of the more than 130 active implementation projects around the world. For additional information, see www.xbrl.org.

2.5 FUTURE STEPS

While progress related to XBRL development, acceptance and implementation is impressive, it is necessary to maintain, if not increase, the momentum. That additional impetus comes from the dedicated contemplation of people who review past successes, as well as spell out what the future entails in terms of issues and opportunities. In this regard, consider the impact that can come from thoughtful research effort, as per *IFRS Compass: IT Systems Implications* , which was published by the www.ifrs.com/publications.html). The authors, well versed in accounting and IT, are:

- Janis W. Parthun, CPA/CITP;
- John Barile, CPA/CITP, CISA, CBC, CIS;
- Greg Zegarowski, CPA;
- Khalid Wasti, CPA/CITP, CISA.

With the US market in mind, although still very relevant from a technical perspective otherwise, it is strongly suggested in this publication that IFRS convergence will have a critical impact on IT systems. As organisations move towards standards convergence, changes to IT systems will require astute planning and potentially capital-intensive investments in order to address reporting, calculations and new data requirements. As such, IT systems issues generated by the IFRS convergence need to be addressed now in order to have the necessary programming and systems in place to meet the requirements of the standards.

IFRS Compass: IT Systems Implications provides a guideline to navigate the intricacies of successful IT systems implementation, including how to:

- understand the core differences between US and international standards;
- effectively address the effects that convergence will have on calculations and reporting;
- identify and capture the new data that you will be required to collect;
- create, modify and adapt your IT systems in order to complete a successful IFRS implementation.

Case studies show examples of four international companies which updated their IT systems for IFRS and the valuable lessons learned. Additional case studies provide a deeper insight into project management considerations, financial systems impact and obstacles encountered during the process. This book provides a valuable starting point to plan a timely and cost-effective technology update for convergence.

The contents of this 93-page publication are as follows:

- Background of International Financial Reporting Standards and IT Impact
  - Background and System Effects of IFRS Conversion
    - Background of IFRS
    - Potential System Effects of an IFRS Conversion
  - Key Differences Between International Financial Reporting Standards and Generally Accepted Accounting Principles
    - Transaction Differences
    - Impact to Financial or Business Reporting
- IT Systems and Project Management Considerations
  - System Design and Implementation Considerations
    - System Implementation Impact
    - Summaries of Implementation Results and IT Lessons Learned Based on Case Studies
      a. Case Study A: Japanese Automotive Company
      b. Case Study B: Japanese Consumer Electronic Company
      c. Case Study C: Multinational Company
      d. Case Study D: Global Steel Company
    - Conclusion
  - Project Management Considerations

- Project Cost Considerations
- The Extent of IFRS Conversion
- Project Governance
- Training Considerations
- Project Risk Factors
- Internal Control Considerations
- Alignment to Regulatory Requirements

- Project Planning and Implementation – Suggested Activity Checklist
  - Phase I – Diagnostic
  - Phase II – Design and Planning
  - Phase III – Solution Development
  - Phase IV – Implementation
- Making the Right Decision – Selecting a Technology Solution
  - View from the Top: ERP System Maturity and the IFRS IT Strategy
  - Selecting a Technology Solution

- The Current Environment and Lessons Learned
  - Learning From the European and Canadian Experiences
    - IFRS Conversions in Europe
    - IFRS Conversion in Canada
    - IFRS and XBRL
  - Other Examples From Current Implementers
    - Case Study Example 1
      a. Background Information
      b. Project Management Considerations
      c. Financial System Impact
      d. Obstacles Encountered During the Process
      e. Conclusion
  - Case Study Example 2
      a. Background Information
      b. Project Management Considerations
      c. Financial System Impact
      d. Obstacles Encountered During the Process
      e. To Date (September 2010)
  - Case Study Example 3
      a. Background Information
      b. Project Management Considerations
      c. Financial System Impact
      d. Obstacles Encountered During the Process
      e. To Date (October 2010)

- Case Study Example 4
    a. Requirements
    b. Why XBRL?
    c. The Convergence Assistant
    d. Process Overview
    e. Conclusion
    f. Conclusion
- References
- Online Resources
- AICPA Publications

Another publication that is worthwhile reviewing in relation to current trends and future possibilities, specifically in relation to XBRL tagging requirements, is *SEC Reporting and the Impact of XBRL: 2011 Survey* , published by Financial Executives International (FEI) and available from www.financialexecutives.org/ferf/download/2011 Final/2011-031.pdf.

For publicly held companies that file reports, the SEC now requires tagging of quarterly and annual reports on Forms 10-Q and 10-K using XBRL. XBRL tagging is a key part of the financial statement production process. In many companies, this entails a number of different players using a variety of documents and spreadsheets, providing the opportunity for error, inconsistency and inflated costs.

To find out how companies are complying with these XBRL tagging requirements, the Financial Executives Research Foundation (FERF) surveyed members of FEI and other financial statement preparers. Executives from 300 unique companies responded to the survey. Key findings in *SEC Reporting and the Impact of XBRL: 2011 Survey* are:

- The most significant challenges mentioned in complying with the XBRL mandate are getting educated on XBRL and addressing the review process;
- XBRL had a limited impact on respondents' SEC filing dates;
- 72 per cent of large accelerated filers (Tier 1 and Tier 2) reported one day or less delay due to XBRL;
- Over 90 per cent of Tier 3 filers reported one day or less delay due to XBRL;
- The majority of respondents found that XBRL was either somewhat or significantly easier the second time around;
- Tier 1 and Tier 2 XBRL filers predicted a higher likelihood than Tier 3 XBRL filers of changing their XBRL process, with the vast majority

of companies anticipating a change opting for an in-house software solution;
- In-house and built-in solutions continue to increase their significant market share;
- Registrants using built-in solutions (software solutions used by in-house reporting teams in which the creation of the EDGAR document and XBRL instant report are fully integrated) are significantly more satisfied than those using other approaches.

Contents of this 37-page publication are as follows:
- Executive Summary
- Purpose and Design of Survey
- Profile – Survey Respondents
- Size of SEC Reporting Team and Core Responsibilities
- SEC Reporting Filing Data
- SEC Reporting Practices
- XBRL Creation Approach
- Number of Hours to Create XBRL Reports
- XBRL Experiences
- Impact of XBRL on SEC Filing Date
- XBRL Providers
- 'Pencils Down' Experience
- XBRL Provider Satisfaction
- Acknowledgements

CHAPTER THREE

Organising and collecting data

AS IS APPARENT WHEN ENTERTAINING THE DEMANDS of modern management and business reporting requirements, the organisation and collection of data are essential processes. This section explores associated elements, specifically:

- FASB codification and XBRL taxonomy;
- illustrative financial statements;
- data collection and XBRL for other standards, GRI and taxation, VAT;
- content analysis.

3.1 FASB CODIFICATION AND XBRL TAXONOMY

The Financial Accounting Standards Board is another important institution associated with the IFRS and thereby is connected with XBRL, too. It is beneficial, therefore, to provide preliminary information about this entity. More details can be found via the related home page at www.fasb.org (Figure 3.1).

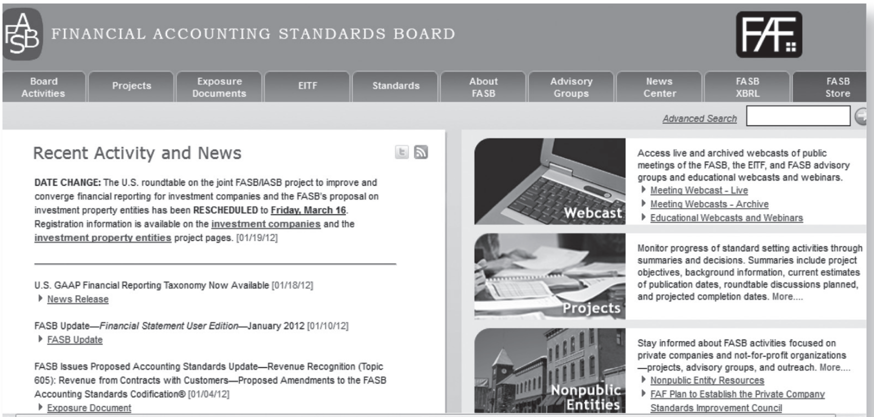


FIGURE 3.1 The Financial Accounting Standards Board.

Note: This screenshot, and related information in this section, is reproduced by permission of the Financial Accounting Foundation.

Introduction to the FASB

Since 1973, the FASB has been the designated private sector organisation for establishing financial accounting standards that govern the preparation of financial reports by non-governmental entities. Those standards are officially recognised as authoritative by the SEC (Financial Reporting Release No. 1, Section 101, and reaffirmed in its April 2003 Policy Statement) and the American Institute of Certified Public Accountants (Rule 203, Rules of Professional Conduct, as amended May 1973 and May 1979). Such standards are important to the efficient functioning of the economy because decisions about the allocation of resources rely heavily on credible, concise and understandable financial information.

The SEC has statutory authority to establish financial accounting and reporting standards for publicly held companies under the Securities Exchange Act of 1934. Throughout its history, however, the Commission's policy has been to rely on the private sector for this function to the extent that the private sector demonstrates the ability to fulfil the responsibility in the public interest.

The mission of the FASB

The FASB's mission is to establish and improve standards of financial accounting and reporting that foster financial reporting by non-governmental entities which provides decision-useful information to investors and other users of financial reports. That mission is accomplished through a comprehensive and independent process that encourages broad participation, objectively considers all stakeholder views and is subject to oversight by the Financial Accounting Foundation's board of trustees.

Independent structure of the FASB

The FASB is part of a structure that is independent of all other business and professional organisations. That structure includes:

- the Financial Accounting Foundation (Foundation);
- the Financial Accounting Standards Board (FASB);
- the Financial Accounting Standards Advisory Council (FASAC);
- the Governmental Accounting Standards Board (GASB);
- the Governmental Accounting Standards Advisory Council (GASAC).

A summary of each is provided next.

Financial Accounting Foundation (FAF) The Foundation is the independent, private sector organisation responsible for the oversight, administration and finances of the FASB, the GASB, and their advisory councils FASAC and GASAC. The Foundation's primary duties include protecting the independence and integrity of the standards-setting process and appointing members of the FASB, GASB, FASAC and GASAC. Its website includes a description of the Foundation, a list of and background information about members of the board of trustees, and other useful information.

Financial Accounting Standards Board (FASB) In 1973, the Foundation set up the FASB to establish and improve standards of financial accounting and reporting for non-governmental entities. Consistent with that mission, the FASB maintains the *FASB Accounting Standards Codification* (Accounting Standards Codification) which represents the source of authoritative standards of accounting and reporting, other than those issued by the SEC, recognised by the FASB to be applied by non-governmental entities.

Financial Accounting Standards Advisory Council (FASAC) The primary function of FASAC is to advise the FASB on technical issues on the board's agenda, possible new agenda items, project priorities, procedural matters that may require the attention of the FASB, and other matters requested by the FASB or its chairman. At the time of writing, the Council has more than 30 members who represent a broad cross section of the FASB's constituency.

Governmental Accounting Standards Board (GASB) In 1984, the Foundation established the GASB to set standards of financial accounting and reporting for state and local governmental units. As with the FASB, the Foundation is responsible for selecting its members, ensuring adequate funding and exercising general oversight.

Governmental Accounting Standards Advisory Council (GASAC) The GASAC has responsibility for advising the GASB on technical issues on the board's agenda, project priorities, matters likely to require the attention of the GASB, and such other matters requested by the GASB or its chairman.

FASB members and staff

The seven, full-time members of the FASB are appointed by the Foundation's board of trustees and may serve up to two five-year terms. A 60-plus person staff supports the board. Board members and staff each have a concern for investors, other users and the public interest in matters of financial accounting and reporting and collectively have knowledge and experience in investing, accounting, finance, business, accounting education and research. To ensure the independence of board members and staff, the Foundation has implemented policies about personal investments and other personal activities that are designed to prevent potential conflicts of interest.

FASB standards-setting process

The FASB accomplishes its mission through a comprehensive and independent process that encourages broad participation, objectively considers all stakeholder views, and is subject to oversight by the board of trustees.

The Rules of Procedure describe the FASB's operating procedures, including the due process activities that are to be open to public participation or observation to provide transparency in the standards-setting process. In particular, the Rules of Procedure describe:

- the FASB mission, how the mission is accomplished, and related principles that guide the board's standards-setting activities;
- the organisation in which the FASB operates;

- the operating procedures of the FASB, including the responsibilities of the chairman, the composition of the FASB technical staff, the role of advisory groups including the Emerging Issues Task Force, and the role of public forums in due process;
- various forms of communications, including the form and content of accounting standards updates, exposure drafts, and concepts statements;
- protocols for meetings of the FASB and voting requirements;
- rules governing public announcements and the kinds of information made broadly available to the public.

A high-level overview of the standards-setting process as established by the Rules of Procedure follows. The nature and extent of the board's specific research and outreach activities will vary from project to project, depending on the nature and scope of the reporting issues involved.

1. The board identifies financial reporting issues based on requests/recommendations from stakeholders or through other means;
2. The FASB chairman decides whether to add a project to the technical agenda, after consultation with FASB members and others as appropriate, and subject to oversight by the Foundation's board of trustees;
3. The board deliberates at one or more public meetings the various reporting issues identified and analysed by the staff;
4. The board issues an exposure draft to solicit broad stakeholder input. (In some projects, the board may issue a discussion paper to obtain input in the early stages of a project;)
5. The board holds a public round table meeting on the exposure draft, if necessary;
6. The staff analyse comment letters, public round table discussion and any other information obtained through due process activities. The board redeliberates the proposed provisions, carefully considering the stakeholder input received, at one or more public meetings;
7. The board issues an accounting standards update describing amendments to the accounting standards codification.

Thomson Reuters – GAAP Reporter on Checkpoint platform

An announcement in 2011 (see thomsonreuters.com/content/press_room/tax/461863) by Thomson Reuters, the world's leading source of intelligent information for businesses and professionals, indicated that GAAP Reporter equips finance and accounting professionals to quickly interpret FASB codification.

More specifically, Thomson Reuters has released GAAP Reporter on Checkpoint, its industry-leading, online tax and accounting information platform. The new GAAP Reporter solution provides US finance and accounting professionals with industry-leading insights and analyses, so that they can confidently prepare company financial statements in compliance with the FASB's GAAP.

'The GAAP Reporter, authored by Thomson Reuters' expert accounting analysts, is designed to help professionals interpret the standards and apply them to real-world situations,' said Bruce Safford, senior director of Checkpoint Content Operations, Thomson Reuters. 'Also, as FASB continues to issue new standards at a rapid pace, codification, guidance, and tools are quickly updated online in the GAAP Reporter, so that professionals are fully equipped to quickly adopt new practices and make decisions in their dynamic industry. Key features include:

- content organised to mirror the section-by-section structure of the FASB's codification to provide information in the most intuitive manner;
- authoritative, reliable, decision-making guidance, including:
  - common practices and pitfalls in applying the codification;
  - illustrations of required disclosures;
  - examples of how best to perform the calculations;
  - SEC comment letters;
  - differences between IFRS and US GAAP;
- recent or pending updates to the codification to assist in current and future decision-making activities;
- efficient tools such as checklists, client letters and memos to further streamline compliance activities;
- multiple navigation options to link between the codification, analysis and tools to allow the professional to create a personalised workflow experience that best reflects the way they work.

Tax, accounting and finance professionals in accounting firms, corporations, law firms and the government sector have relied on Checkpoint since 1997 to help navigate a highly complex and ever-changing business and compliance landscape. For more information on Checkpoint from Thomson Reuters, visit yourcheckpoint.thomsonreuters.com.

US GAAP Financial Reporting Taxonomy

The 2011 US GAAP Financial Reporting Taxonomy is available at www.fasb.org.

The 2011 Taxonomy contains updates for accounting standards and other improvements since the 2009 Taxonomy as used by issuers filing with the SEC. The FASB issued proposed improvements to the taxonomy in the autumn of 2010, allowing users of the taxonomy to provide feedback on the updates and the opportunity to become familiar with and to incorporate new element names for their filings.

In addition to the entire *2011 US GAAP Financial Reporting Taxonomy*, industry-specific links provide filtered views to aid taxonomy navigation, as follows:

- Commercial and Industrial Filtered View (most companies);
- Banking and Savings Institutions Filtered View;
- Brokers and Dealers Filtered View;
- Insurance Filtered View;
- Real Estate Filtered View;
- Schedule of Investments Filtered View.

A view of the SEC Document and Entity Information Taxonomy is also available from the FASB.

3.2 ILLUSTRATIVE FINANCIAL STATEMENTS

All the large accounting firms provide model financial statements for an easy way to start implementing IFRS. In fact, when the first IFRS XBRL taxonomy was developed, it was based on a comparison of the various model financial statements available, thus capturing best practice for presenting financial information using IFRS.

These illustrative statements usually contain the annual financial report and consolidated financial statements of a fictitious group based on IFRS requirements cross referenced to a commentary section. Besides accounting disclosure requirements, the following information is documented:

- general company information;
- financial review by management;

- independent auditor's report;
- consolidated income statement;
- consolidated balance sheet;
- consolidated statement of changes in equity;
- consolidated cash flow statement.

In addition, the following items explain the basis of preparation of the financial statements:

- corporate information and basis of preparation;
- changes in accounting policies;
- significant accounting judgments and estimates;
- summary of significant accounting policies;
- adoption of IFRS during the year.

Generally, this is followed by a description of significant entity and segment information, as well as a detailed account analysis of all assets and liabilities. In addition, references are made to the appropriate IFRS.

What follows is a cursory overview of illustrative financial statements made available by four global accounting firms:

- KPMG
- Ernst & Young
- Deloitte
- PricewaterhouseCoopers

These illustrative financial statements are indicative as to what is available to assist accounting professionals, especially the preparers of financial reports. This section does not, therefore, constitute the sum of what is available overall in this regard, nor for each of the four firms. Even so, each of these firms, and their related publications, offer a rich source of information related to the preparation of financial statements.

KPMG

KPMG published *Illustrative financial statements* to assist preparers in preparing, and auditors in auditing, financial statements in accordance with *IFRS*. It is available at www.kpmg.com/global/en/issuesandinsights/articlespublications/ifrs-illustrative-financial-statements/pages/ifrs-illustrative-financial-statements-2011.aspx.

This publication reflects IFRS in issue at 1 September 2011 that are required to be applied by an entity with an annual period beginning on 1 January 2011 ('currently effective' requirements). IFRS that are effective for annual periods beginning after 1 January 2011 ('forthcoming' requirements) have not been adopted early in preparing these illustrative financial statements. However, example disclosures for the early adoption of certain new standards and amendments are included in the appendices to these illustrative financial statements.

The table of contents of this 252-page publication is reproduced by permission of KPMG, as follows:

- Consolidated financial statements
  - Consolidated statement of financial position
  - Consolidated statement of comprehensive income – single-statement approach
  - Consolidated statement of changes in equity
  - Consolidated statement of cash flows
  - Notes to the consolidated financial statements
- Appendices
  - Consolidated income statement and consolidated statement of comprehensive income
  - Consolidated statement of cash flows (direct method)
  - Example disclosures for entities that early adopt *Presentation of Items of Other Comprehensive Income* (Amendments to IAS 1 *Presentation of Financial Statements*)
  - Example disclosures for entities that early adopt IFRS 9 *Financial Instruments* (October 2010)
  - Example disclosures for entities that require going concern disclosures
  - Example disclosures for distribution of non-cash assets to owners
  - Example disclosures for entities that early adopt *Deferred Tax: Recovery of Underlying Assets – Amendments to IAS 12*
  - Example disclosures for government-related entities under revised IAS 24 *Related Party Disclosures*
  - Example disclosures for entities with a service concession arrangement
- Technical Guide

Figure 3.2 provides an indication as to how information related to the illustrative financial statements is presented.

Explanatory note

1. *IAS 1.45* The presentation and classification of items in the financial statements is retained from one period to the next unless changes are required by a new standard or interpretation, or it is apparent, following a significant change to an entity's operations or a review of its financial statements, that another presentation or classification would be more appropriate. The entity also considers the criteria for the selection and application of accounting policies in IAS 8.

2. *IAS 1.55, 58* Additional line items, headings and subtotals are presented separately in the statement of financial position when such presentation is relevant to an understanding of the entity's financial position. The judgement used is based on an assessment of the nature and liquidity of the assets, the function of assets within the entity, as well as the amounts, nature and timing of liabilities. Additional line items may include, for example, prepayments as illustrated here.

IAS 1.57 IAS 1 does not prescribe the order or format in which an entity presents items. Additional line items are included when the size, nature or function of an item or aggregation of similar items is such that separate presentation is relevant to an understanding of the entity's financial position and the descriptions used. The ordering of items or aggregation of similar items may be amended according to the nature of the entity and its transactions to provide information that is relevant to an understanding of an entity's financial position.

Consolidated statement of financial position[1, 2]

IAS 1.10(a), 113	*In thousands of euro*	**Note**	**31 December 2011**	**31 December 2010 Restated***	**1 January 2010[3] Restated***
	Assets				
IAS 1.54(a)	Property, plant and equipment	16	**26,586**	31,049	34,937
IAS 1.54(c)	Intangible assets and goodwill	17	**6,226**	4,661	5,429
IAS 1.54(f)	Biological assets	18	**7,014**	8,716	8,070
IAS 1.54(h)	Trade and other receivables	24	**213**	-	-
IAS 1.54(b), 17.49	Investment property	19	**2,170**	1,050	950
IAS 1.54(e), 28.38	Equity-accounted investees	20	**2,025**	1,558	1,140
IAS 1.54(d)	Other investments, including derivatives	21	**3,631**	3,525	3,212
IAS 1.54(o), 56	Deferred tax assets[4]	22	**-**	1,376	1,902
	Employee benefits	29	**635**	731	587
IAS 1.60	**Non-current assets[5]**		**48,500**	52,666	56,227
IAS 1.54(g)	Inventories	23	**12,867**	12,119	12,716
IAS 1.54(f)	Biological assets	18	**245**	140	402
IAS 1.54(d)	Other investments, including derivatives	21	**662**	1,032	821
IAS 1.54(n)	Current tax assets[6]		**-**	228	-

FIGURE 3.2 ***Illustrative financial statements***: an explanation. Reproduced by permission of KPMG.

Ernst & Young

Good Group (International) Limited -- Illustrative Interim Condensed Consolidated Financial Statements for the period ending June 30, 2012 -- Based on International Financial Reporting Standards in issue at March 31, 2012 was authored by EYGM Limited, 2012, and is reprinted with permission. EYGM Limited is the owner of all copyrighted material contained herein and this material may not be reprinted without express permission from EYGM Limited. This publication is available at www.ey.com/GL/en/Issues/IFRS/Publications. It contains an illustrative set of consolidated financial statements of Good Group (International) Limited and subsidiaries ('the Group').

Contents of this 40-page publication are as follows:

- Abbreviations and key
- Introduction
- Report on review of interim condensed consolidated financial statements to the shareholders of Good Group (International) Limited
- Interim consolidated income statement
- Interim consolidated statement of comprehensive income
- Interim consolidated statement of financial position
- Interim consolidated statement of changes in equity
- Interim consolidated statement of cash flows
- Notes to the interim condensed consolidated financial statements
  - Corporate information
  - Basis of preparation and accounting policies
  - Seasonality of operations
  - Business combinations
  - Operating segment information
  - Impairments
  - Income tax
  - Discontinued operation
  - Components of other comprehensive income
  - Property, plant and equipment
  - Inventories
  - Other financial assets and financial liabilities
  - Cash and cash equivalents
  - Reversal of restructuring provision
  - Share-based payment
  - Commitments and contingencies
  - Related party transactions
  - Events after the reporting period
  - Dividends paid and proposed
- Appendix 1 – Interim consolidated income statement (example of expenses disclosed by nature)
- Appendix 2 – Interim consolidated statement of cash flows (direct method)

Figure 3.3 provides an indication as to how information related to the illustrative financial statements is presented.

The standards applied in the annual illustrative financial statements for the year ended 31 December 2010 are the IFRS that were effective for the annual period commencing on 1 January 2010.

These illustrative interim condensed financial statements use standards that are in issue as at 31 March 2011 and are effective for the annual period beginning on or after 1 January 2011. IFRS is illustrated across our various illustrative financial statements as follows:

		Good Group Interim	Good Group Annual	Good First-time Adopter	Good Bank	Good Insurance	Good Investment	Good Real Estate	Good Construction	Good Mining	Good Petroleum
International Financial Reporting Standards (IFRS)											
IFRS 1	*First-time Adoption of International Financial Reporting Standards*			✓		✓					✓
IFRS 2	*Share-based Payment*	✓	✓	✓	✓	✓			✓		
IFRS 3	*Business Combinations*	✓	✓	✓		✓		✓	✓	✓	✓
IFRS 4	*Insurance Contracts*					✓					
IFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*	✓	✓	✓				✓	✓		
IFRS 6	*Exploration for and Evaluation of Mineral Resources*									✓	✓
IFRS 7	*Financial Instruments: Disclosures*	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IFRS 8	*Operating Segments*	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IFRS 9	*Financial Instruments*										
International Accounting Standards (IAS)											
IAS 1	*Presentation of Financial Statements*	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Interim consolidated income statement

for the six months ended 30 June 2011

IAS 1.10(b), IAS 1.51
IAS 34.10

	Notes	2011	2010	
		Unaudited		
		€000	**€000**	*IAS 1.51(d)(e)*
Continuing operations				
Sale of goods		95,780	78,460	*IAS 18.35(b)(i)*
Rendering of services		8,578	8,093	*IAS 18.35(b)(ii)*
Revenue from redemption of *GoodPoints*		688	562	*IAS 18.35(b)(ii)*
Rental income		715	715	*IAS 18.35(c)*
Revenue	5	**105,761**	**87,830**	*IAS 1.82(a)*
Cost of sales		(79,612)	(67,216)	*IAS 1.103*
Gross profit		**26,149**	**20,614**	*IAS 1.85, IAS 1.103*
Other income	14	617	1,728	*IAS 1.103*
Selling and distribution costs		(9,254)	(7,228)	*IAS 1.103*
Administrative expenses		(11,843)	(10,043)	*IAS 1.103*
Other expenses	10, 11	(1,497)	(91)	*IAS 1.103*
Operating profit		**4,172**	**4,980**	
Finance income		204	166	*IAS 1.82(a)*

Commentary

IAS 1.99 requires expenses to be analysed by nature of expense or by their function within the entity, whichever provides information that is reliable and more relevant. In line with its annual financial statements, the Group has presented the analysis of expenses by function. Appendix 1 illustrates the income statement if the analysis by nature was used.

IAS 33.68 requires presentation of basic and diluted amounts per share for discontinued operations either on the face of the income statement or in the notes to the financial statements. The Group has elected to show this information with other disclosures required for discontinued operations in Note 8 *Discontinued operation* (per IFRS 5) as well as information for continuing operations on the face of the income statement.

FIGURE 3.3 *Consolidated Financial Statements*: an explanation.

Deloitte

International Financial Reporting Standards – Model financial statements 2011 is reproduced by permission of Deloitte, and is available at www.iasplus.com/fs/fs.htm.

The contents of this 132-page publication are as follows:

- Consolidated statement of comprehensive income
  - Alt 1 – Single statement presentation, with expenses analysed by function
  - Alt 2 – Presentation as two statements, with expenses analysed by nature
- Consolidated statement of financial position
- Consolidated statement of changes in equity
- Consolidated statement of cash flows
  - Alt 1 – Direct method of reporting cash flows from operating activities
  - Alt 2 – Indirect method of reporting cash flows from operating activities
- Notes to the consolidated financial statements
- Auditor's report

PricewaterhouseCoopers

Illustrative IFRS consolidated financial statements, prepared by Pricewaterhouse Coopers (PwC) in 2011, is available at www.pwc.com/gx/en/ifrs-reporting/ifrs-illustrative-financial-statements-pwc-publications.jhtml.

The table of contents of this 154-page publication is reproduced with permission from PricewaterhouseCoopers LLP, as follows:

- Financial statements
- Notes to the consolidated financial statements:
  - General information
  - Summary of significant accounting policies:
    - Basis of preparation
    - Consolidation
    - Segment reporting
    - Foreign currency translation
    - Property, plant and equipment
    - Intangible assets
    - Impairment of non-financial assets
    - Non-current assets (or disposal groups) held for sale
    - Financial assets

  - Offsetting financial instruments
  - Impairment of financial assets
  - Derivative financial instruments and hedging activities
  - Inventories
  - Trade receivables
  - Cash and cash equivalents
  - Share capital
  - Trade payables
  - Borrowings
  - Borrowing costs
  - Compound financial instruments
  - Current and deferred income tax
  - Employee benefits
  - Share-based payments
  - Provisions
  - Revenue recognition
  - Interest income
  - Dividend income
  - Leases
  - Dividend distribution
  - Exceptional items
- Financial risk management
- Critical accounting estimates and judgements
- Segment information
- Exceptional items
- Other income
- Other (losses)/gains – net
- Expenses by nature
- Employee benefit expense
- Finance income and costs
- Investments in associates
- Income tax expense
- Earnings per share
- Net foreign exchange gains/(losses)
- Property, plant and equipment
- Intangible assets
- Financial instruments by category
- Credit quality of financial assets
- Available-for-sale financial assets

  - Derivative financial instruments
  - Trade and other receivables
  - Inventories
  - Financial assets at fair value through profit or loss
  - Cash and cash equivalents
  - Non-current assets held for sale and discontinued operations
  - Share capital and premium
  - Share-based payments
  - Retained earnings
  - Other reserves
  - Trade and other payables
  - Borrowings
  - Deferred income tax
  - Retirement benefit obligations
  - Provisions for other liabilities and charges
  - Dividends per share
  - Cash generated from operations
  - Contingencies
  - Commitments
  - Business combinations
  - Transactions with non-controlling interests
  - Related-party transactions
  - Events after the reporting period
- Auditors' report
- Appendices
  - Appendix I – Operating and financial review; management commentary
  - Appendix II – Alternative presentation
    - Consolidated statement of cash flows – direct method
    - Consolidated statement of comprehensive income – single statement, showing expenses by function
  - Appendix III – Areas not illustrated in financial statements of IFRS GAAP Plc
    - Biological assets
    - Construction contracts
    - Oil and gas exploration assets
    - Financial guarantee contracts
    - Leases: accounting by lessor
    - Government grants
    - Joint ventures

    - Revenue recognition: multiple-element arrangements
    - Customer loyalty programmes
    - Put option arrangements
    - Foreign currency translations
    - Share-based payments
- Appendix IV – New standards and amendments
- Appendix V – IFRS 9, 'Financial instruments'
- Appendix VI – IFRS 10, Consolidated financial statements'; IFRS 11, 'Joint arrangements'; IFRS 12, 'Disclosure of interests in other entities'
- Appendix VII – IFRS 13, 'Fair value measurement'
- Appendix VIII – First-time adoption of IFRS

3.3 XBRL FOR INTEGRATED REPORTING

Global Reporting Initiative (GRI)

The world is growing together in many ways, a process aided by increasing Internet connectivity and access to new ideas, as well as ways to improve lifestyles internationally. Concerned citizens, mainly located in developed countries, as well as disaffected and poorly treated people in developing countries, more and more are united in the commendable quest for more equality in such measures as wealth distribution. Increasingly, interest in this type of topic has led many people, primarily those in developed nations, to seek more from their local societies, suppliers and governments, as well as from the so-called global village in which all of us reside.

The outcome of this well-meaning and well-placed disquiet is a call for greater corporate accountability, as well as for more meaningful business reporting. This has fostered a phase-over from conventional business reporting, especially that which is heavily dependent on inanimate numbers, to that which is called sustainability reporting, in which attention is paid to topics that matter most, and progressively more, to various stakeholders, including vocal and active consumers.

Images and related information in this section is reproduced by permission of the Stichting Global Reporting Initiative (www.globalreporting.org). This organiaation has a significant role to play in satisfying the requests and demands for better reporting by business and organisations of all types. GRI places great emphasis on people-related information, and particularly to the use of child labour, and is good at defining supply chains, as well as dealing with product tracking.

Essentially, GRI produces one of the world's most prevalent standards for sustainability reporting – also known as ecological footprint reporting, environmental social governance (ESG) reporting, triple bottom line (TBL) reporting, and corporate social responsibility (CSR) reporting. Sustainability reporting is a form of value reporting where an organisation publicly communicates its economic, environmental and social performance. GRI seeks to make sustainability reporting by all organisations as routine as, and comparable to, financial reporting.

GRI guidelines are widely used – more than 1,500 organisations from 60 countries use them to produce their sustainability reports. GRI guidelines apply to corporate businesses, public agencies, smaller enterprises, NGOs, industry groups and others. For municipal governments, generally, they have been subsumed by similar guidelines from the UN ICLEI. Originally, this was the International Council for Local Environmental Initiatives, now referred to as Local Governments for Sustainability.

There are several efforts to integrate business reporting and not just focus on financial numbers. The following groups and organisations are involved:

- Investors
  - European Federation of Financial Analysts Societies
  - International Corporate Governance Network
  - Pension funds
  - Social Investment Fora
- Business Associations
  - International Chamber of Commerce
  - World Business Council for Sustainable Development
- Inter-Governmental Organizations
  - The UN Environment Programme Finance Initiative,
- The UN Global Compact and their Principles for Responsible Investment
  - UN Environment Programme Green Economy Initiative
  - UN Conference on Trade and Development
  - World Bank Group
  - Regulators and Standard Setters
  - International Accounting Standards Board
  - International Auditing and Assurance Standards Board

  - International Federation of Accountants
  - International Organization of Securities Commissions
  - Accounting community
- Major accounting bodies
- Global accounting firms
- Multi-stakeholder groups and NGOs
  - AccountAbility
  - Accounting for Sustainability
  - The Aspen Institute
  - European Laboratory on Valuing Non-financial Performance
  - Global Reporting Initiative
  - Tomorrow's Company
  - WWF
- Academics
  - European Academy of Business in Society
  - Centre for Social and Environmental Accounting Research,
  - The University of St Andrews International Association for Accounting Education & Research
  - Harvard Business School

GRI goes digital with XBRL

Images and related information in this section are reproduced by permission of the Stichting Global Reporting Initiative.

Due to the growing use of digital reporting tools and increased demand from sustainability reporters, GRI saw the need to provide sustainability reporters with more technical tools and support. In June 2011, GRI announced the start of a project to help make sustainability reports more useful for assorted stakeholders, especially investors. GRI's XBRL project recruited a strong team of experts to serve as preliminary reviewers of the GRI Taxonomy and its supporting documents. In March 2012, GRI announced the GRI Taxonomy , developed in collaboration with Deloitte.

This is one of the first XBRL taxonomies for sustainability reporting and it is a significant event. The GRI Taxonomy will help investors, auditors and analysts to access and compare information in sustainability reports faster and more simply, without the need for excessive manual work. Clearly, those outcomes are not achievable without XBRL, as Figure 3.4 illustrates, as it identifies the widespread use of XBRL, particularly by regulators worldwide.

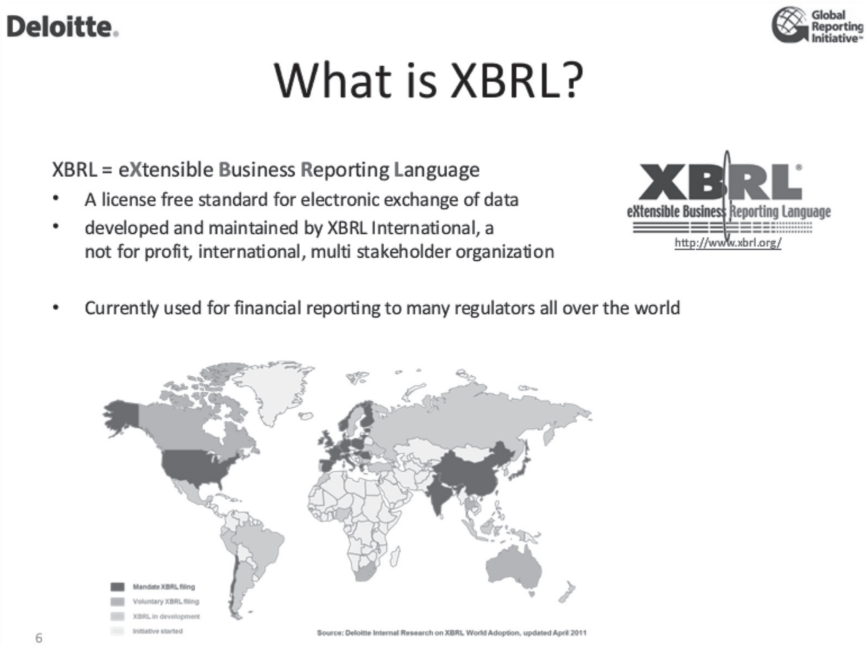


FIGURE 3.4 XBRL: a global reporting language.

Source: GRI Taxonomy Launch – March 2012.

What is the GRI Taxonomy? An XBRL taxonomy is an industry-specific categorisation scheme that defines and 'tags' data in relation to its purpose, framework or outline. It enables users to uniquely tag and identify individual detailed reporting elements which can be easily shared electronically. In the case of the GRI Taxonomy, data can be tagged following the GRI guidelines.

How does the GRI Taxonomy help? The new GRI Taxonomy enables organisations to tag their sustainability data in reports. This will help report users – including regulators, investors and analysts – to find and analyse sustainability information. Organisations can benefit from a well-defined, structured format for collecting and disseminating sustainability information. It enables reporters, analysts, regulators and others to exchange sustainability data electronically and to inform stakeholders with consistent and high-quality information.

```xml
<?xml version="1.0" encoding="UTF-8"?>
<!-- Generated by Fujitsu XWand B0150 -->
<!-- -->
<!-- Copyright Global Reporting Initiative 2011 -->
<!-- -->
<linkbase xmlns:xlink="http://www.w3.org/1999/xlink" xmlns:ref="http://www.xbrl.org/2006/ref" xmlns="http://www.xbrl.org/2003/linkbase" xmlns:gri-
c="http://xbrl.globalreporting.org/2012-03-08/G31/GRI-Concepts" xsi:schemaLocation="http://www.xbrl.org/2006/ref http://www.xbrl.org/2006/ref-2006-02-27.xsd
http://xbrl.globalreporting.org/2012-03-08/G31/GRI-Concepts GRI-Concepts.xsd http://www.xbrl.org/2003/linkbase http://www.xbrl.org/2003/xbrl-linkbase-2003-12
-31.xsd" xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance">
 - <referenceLink xlink:role="http://www.xbrl.org/2003/role/link" xlink:type="extended">
     <loc xlink:type="locator" xlink:label="gri-c_AbsenteeRate" xlink:href="GRI-Concepts.xsd#gri-c_AbsenteeRate"/>
   - <reference xlink:role="http://www.xbrl.org/2003/role/reference" xlink:type="resource" xlink:label="gri-c_AbsenteeRate_ref">
       <ref:Publisher>Global Reporting Initiative</ref:Publisher>
       <ref:Name>Indicator Protocols Set Labor Practices and Decent Work</ref:Name>
       <ref:Number>G3.1</ref:Number>
       <ref:Section>LA7</ref:Section>
     </reference>
     <referenceArc xlink:type="arc" xlink:to="gri-c_AbsenteeRate_ref" xlink:from="gri-c_AbsenteeRate" xlink:arcrole="http://www.xbrl.org/2003/arcrole/concept-
       reference"/>
     <loc xlink:type="locator" xlink:label="gri-c_AccountingBasisType" xlink:href="GRI-Concepts.xsd#gri-c_AccountingBasisType"/>
   - <reference xlink:role="http://www.xbrl.org/2003/role/reference" xlink:type="resource" xlink:label="gri-c_AccountingBasisType_ref">
       <ref:Publisher>Global Reporting Initiative</ref:Publisher>
       <ref:Name>Indicator Protocols Set Economic</ref:Name>
       <ref:Number>G3.1</ref:Number>
       <ref:Section>EC1</ref:Section>
     </reference>
     <referenceArc xlink:type="arc" xlink:to="gri-c_AccountingBasisType_ref" xlink:from="gri-c_AccountingBasisType"
       xlink:arcrole="http://www.xbrl.org/2003/arcrole/concept-reference"/>
     <loc xlink:type="locator" xlink:label="gri-c_AchieveStandardBeyondLegalComplianceFlag" xlink:href="GRI-Concepts.xsd#gri-
       c_AchieveStandardBeyondLegalComplianceFlag"/>
   - <reference xlink:role="http://www.xbrl.org/2003/role/reference" xlink:type="resource" xlink:label="gri-c_AchieveStandardBeyondLegalComplianceFlag_ref">
       <ref:Publisher>Global Reporting Initiative</ref:Publisher>
```


FIGURE 3.5 GRI Taxonomy tagging.

Source: Global Reporting Initiative – files connected with the GRI Taxonomy Launch – March 2012.

GRI Taxonomy – details Figure 3.5 provides an indication as to how the GRI Taxonomy appears from a tagging perspective.

A more specific example is given in Figure 3.6, focusing on energy usage. Note the conversion elements on the far right-hand side of the table.

This level of information was required in the development of the GRI Taxonomy. There was also a need to review other aspects that sustainability reporting is expected to cover. Figure 3.7, for instance, provides an overview of the interconnections between key components of the sustainability reporting process that XBRL now facilitates, as well as how these link with the objectives of sustainable reporting. Of particular importance in this figure is the Disclosure on Management Approach and Performance Indicators, specifically, Economic, Environmental and Social, being key components supporting the increasing need for improved business reporting. All of these elements feed into the process by which the GRI Taxonomy was determined.

Figure 3.8 indicates the size of the GRI Taxonomy. Remarkably, the overall number is rather small, especially when considering that this covers all the requirements identified in the GRI sustainability reporting framework.

What follows in Figure 3.9 is more detail on the GRI Taxonomy, as per a specific example connecting directly to the sustainability reporting framework.

Example: for energyItemType it contains:

unitId	unitName	nsUnit	status	version Date	item Type	itemType Date	symbol	definition	base Standard	conversion Presentation	conversion Content
J	Joule	http://wwv	CR	31-10-2010	energyItemType	16-12-2009	J	Joule	SI	1 * kg * m 2 s -2	kg m 2 s -2
kJ	Kilojoule	http://wwv	CR	31-10-2010	energyItemType	16-12-2009	kJ	Thousand Joules	SI	10 3 * J	10 3 J
kWh	Kilowatt-Hours	http://wwv	CR	31-10-2010	energyItemType	16-12-2009	kWh	Kilowatt-Hours of Energy	SI	3.6 * 10 6 * J	3.6 10 6 J
mJ	mJ	http://wwv	CR	31-10-2010	energyItemType	16-12-2009	mJ	Millijoules	SI	10 -3 * J	10 -3 J
MWh	Megawatt-Hour	http://wwv	CR	31-10-2010	energyItemType	16-12-2009	MWh	Megawatt-Hour	SI	3.6 * 10 9 * J	3.6 10 9 J

The XBRL instance would then contain:

```
<?xml version="1.0" encoding="UTF-8"?>
<xbrli:xbrl xmlns:utr="http://www.xbrl.org/utr/utr.xml" .....>

 <xbrli:unit id="MWh">
      <xbrli:measure>utr:MWh</xbrli:measure>
 </xbrli:unit>
```

FIGURE 3.6 Energy usage reporting.

Source: GRI Taxonomy Launch – March 2012.

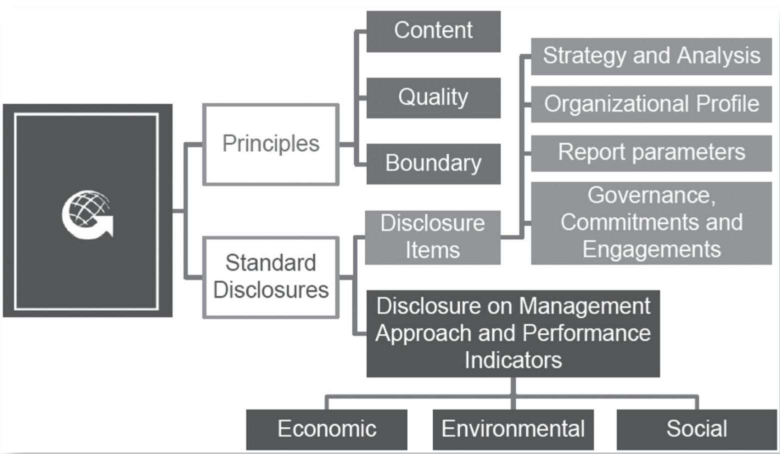


FIGURE 3.7 Interconnections between key components of the sustainability reporting process.

Source: Global Reporting Initiative GRI Taxonomy Implementation Guide 2012.

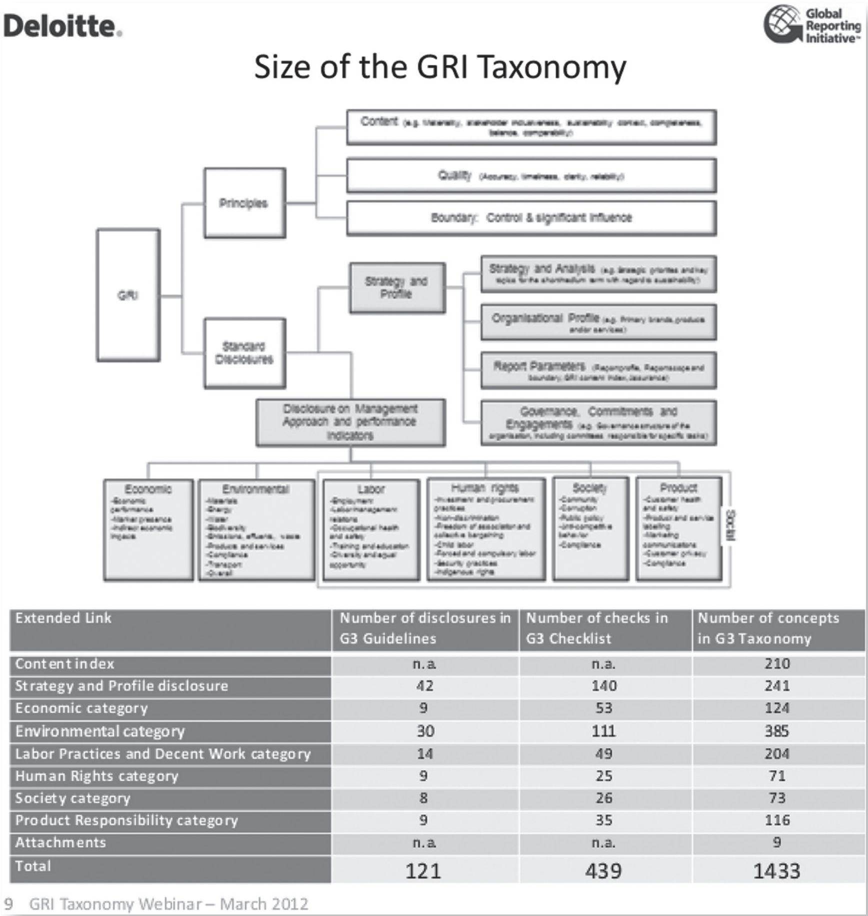


FIGURE 3.8 Size of the GRI Taxonomy.

Source: GRI Taxonomy Launch – March 2012.

Note the nested approach to the human rights elements in the table on the right-hand side

Certainly, the overall impact of the significant GRI Taxonomy project is better business reporting, captured in Figure 3.10. With data templates, as well as clarity of definitions, automatic report generation is made possible. Naturally, as indicated next, this leads to timely, reliable and comparable data.

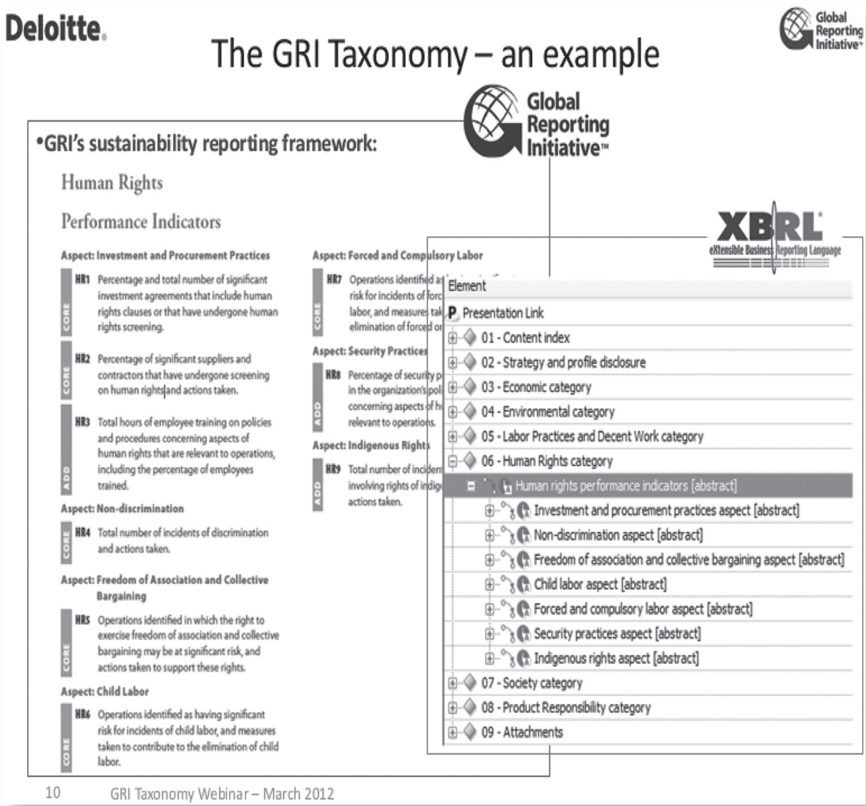


FIGURE 3.9 The GRI Taxonomy: an example.

Source: GRI Taxonomy Launch – March 2012.

Sustainability Reporting Guidelines

GRI's G3 Sustainability Reporting Guidelines offer an easy way to access the principal and standard indicators that make up a comprehensive sustainability report, as summarised next:

- Defining Report Content
  - Defining Report Content
  - Reporting Guidance for Defining Content

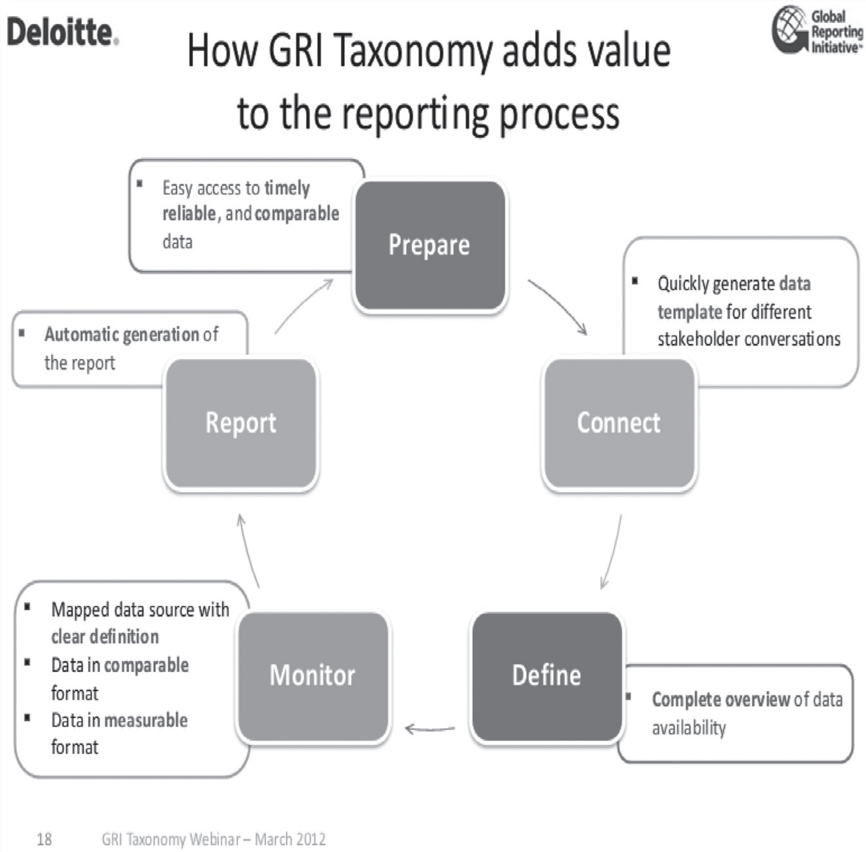


FIGURE 3.10 Better business reporting.

Source: GRI Taxonomy Launch – March 2012.

  - Materiality
  - Stakeholder Inclusiveness
  - Sustainability Context
  - Completeness
- Reporting Principles for Defining Quality
  - Reporting Principles for Defining Quality
  - Balance
  - Comparability
  - Accuracy

  - Timelines
  - Clarity
  - Reliability
- Reporting Guidance for Boundary Setting
- Standard Disclosures
  - Standard Disclosures
  - Management Approach and Performance Indicators
  - Guidance for using Indicators

See www.globalreporting.org/reporting/guidelines-online/Pages/default.aspx for more details.

Integrated reporting

In addition to the preceding information, there is excellent information available in relation to integrated reporting:

- IIRC's Reporting Framework and GRI's Reporting Guidelines.

See www.globalreporting.org/information/current-priorities/integrated-reporting/Pages/default.aspx for more details.

Note that greater focus is placed on integrated reporting in Part IV of this book.

GRI Report – Coca-Cola

It is appropriate, beneficial and instructive to see an example of a GRI report. The 95-page report on the Coca-Cola Company is a companion to the *2010/2011 Sustainability Report* and was released on 29 December 2011 (available at www.thecoca-colacompany.com/citizenship/gri_index.html).

In relation to this report, as on the website:

> This year, in 2011, The Coca-Cola Company has set out to report against the Key Performance Indicators (KPIs) that measure economic, environmental and social performance. We have done so within the scope of our Company's wholly owned operations. Where we have reported information on behalf of the Coca-Cola system (The Coca-Cola Company and our bottling partners), we have flagged this information within the body of the text.
>
> For 2011, and the *2010/2011 Sustainability Report* specifically, our Company has self-declared a grade B+ against the GRI G3.1 Guidelines. This year's *Sustainability Report* has also received verification by a

third-party external verification agency, FIRA Sustainability BV. Their verification is evidenced by a '+' sign next to our grade B, which reflects their verification and approval of our tracking systems.

The KPIs against which the Coca-Cola Company reported appear on the *GRI Report* pages dedicated to the following topics:

- Strategy and Analysis;
- Organizational Profile;
- Report Parameters;
- Governance, Commitments and Engagement;
- Environmental;
- Human Rights;
- Product Responsibility;
- Economic;
- Labor Practices and Decent Work;
- Society.

In addition, there are the following sections:

- Overview of Sustainability Initiatives;
- Performance Highlights;
- About Our Reporting.

CorporateRegister.com

It is appropriate to follow the preceding section with one that underlines the growing importance of corporate responsibility. Specifically, there is a service provided by CorporateRegister.com (www.corporateregister.com) by which to access non-financial reports.

CorporateRegister.com is the global corporate responsibility (CR) resources website and hosts the world's most comprehensive directory of corporate non-financial reporting, profiling more than 38,000 reports across 8,770 companies in 172 countries. It strives to maintain the quality of its site and services in order to advance CR globally. Current services include data access, distribution, site profiles, and benchmarking and best practice initiatives.

The site is a delightful and rich source of CR information, as shown in the following list of services available:

- Data Access
  - Personal Account (free)

    - Professional Account (upgrade)
    - Academic Account (upgrade)
- Alerts
    - VideoReportAlert
    - ReportAlert
    - EventAlert
    - CR News
    - Hard-Copy Mailings
- Site Profiles
    - Companies & Reports (free)
    - PriorityReporter (upgrade)
    - ReportingPartner (free)
    - PriorityReportingPartner (upgrade)
- Benchmarking & Best Practice
    - CR Reporting Awards (CRRA)
    - Expert Reviews
    - Publications

3.4 CONTENT ANALYSIS

That data is collected, analysed and presented in business reporting is apparent from the preceding sections as well as all other parts of this book. An additional consideration, however, is the benefit that can be gained from the analysis of content, a burgeoning dimension of modern life in every way.

Basically, it is online software to support an integrated system for standards development, implementation and stakeholder engagement.

Addressing the increasing problems of content management, this section highlights two providers of related services:

- Collaborase;
- Attensity.

Collaborase

Consider Collaborase, very much the catalyst for, and future of, collaborative content development in supporting interactive and inclusive standard-setting activities. It is an online platform powered by Interactive Leader. Collaborase can be used to facilitate, develop and engage others. Basically, it is online software to support an integrated system for standards development, implementation and stakeholder engagement. See www.interactiveleader.com and collaborase.com.

Development and management of a user's work through Collaborase means that the user will have a centralised and accessible, transparent, fully auditable and interactive process for developing and managing its work and will minimise the need for extensive email and word document exchanges on drafting and work management. In addition, as a dynamic online platform, the work becomes 'living documents', enabling continuous development and sharing of content and thereby building a valuable network.

The Climate Disclosure Standards Board (CDSB, www.cdsb.net) is using Collaborase and has its own workspace supported by Deloitte, Ernst & Young, Grant Thornton, KPMG and PwC. CDSB is using Collaborase to:

- develop the CDSB Climate Change Reporting Framework (CCRF) – the full framework is online, including section-by-section requirements, guidance, references and supporting rationale for technical and process-related issues so that users better understand why and how the CCRF has developed. Users can provide comments related to usage of the CCRF as well as offer recommendations for improvements. Users can also ask questions and engage in online forums;
- develop Climate Change Reporting Language, an online workspace for the global development of XBRL carbon taxonomy;
- provide resources to help CDSB members, partners and regulators;
- provide an efficient and accountable approach to managing CDSB's work and development plans.

Collaborase, as suggested, is the catalyst for collaboration and can assist anyone who is responsible for content products (documents). It is based on the philosophy that getting people actively involved in the production of standards, policies, regulations, processes and other structured knowledge documents is critical in a fast-paced world where information is power and where the pen truly is mightier than the sword. The Internet has empowered people the world over to engage, create, inform and enable. Collaborase is designed to foster a new world, one in which everyone is a potential contributor.

Attensity

Attensity (www.attensity.com) provides text analytics software for customer experience management (CEM). Attensity's software applications extract facts, relationships and sentiment from unstructured data, which comprise approximately 85 per cent of the information companies store electronically.

The software uses natural language processing technology to address collective intelligence in social media and forums; the voice of the customer in surveys and emails; social customer relationship management (social CRM); e-services; research and e-discovery; risk and compliance; and intelligence analysis.

Corporate customers that use the Attensity Analyze and Attensity Respond products to drive business decisions include Airbus, Charles Schwab, Citigroup, HP (Hewlett-Packard), JetBlue, Lloyds Banking Group, Safeway, Siemens, TiVo, Travelocity, Unilever, Walgreens, Wells Fargo and Whirlpool. US government customers include the Federal Bureau of Investigation, the National Security Agency and the Defense Intelligence Agency.

Attensity delivers an integrated suite of CEM applications to meet the demands of a new breed of empowered customers. Its solutions are powered by semantic technologies that allow organisations to listen, analyse, relate and act on multi-channel customer conversations. As a result, customers experience positive one-on-one interactions with the company, which improves loyalty and satisfaction at a reasonable cost.

Attensity has created a suite of commercial applications that draws upon the broadest spectrum of natural language processing technology and Web 3.0 semantic technologies. Specifically designed to meet the needs of end users, Attensity business applications inform business processes through the unparalleled accuracy of analytic engines and the intuitive presentation of resulting information.

'This is a significant move within the content technologies industry,' said Sue Feldman, research vice-president for search and discovery technologies at IDC (International Data Corporation). 'The next sea change in computing will come from combining information access with workflow, information management, and better interaction design. In providing more comprehensive business applications for unstructured data, Attensity recognizes companies' increasing need for insight into customer feedback and interaction, as well as the ability to simply access relevant content and data.'

Attensity applications can help to:

- quickly and accurately resolve customer support issues by sending the right information to customers automatically, and by giving customer support representatives guided escalation paths and accurate information.

This results in customer satisfaction and loyalty, higher call resolution rates and lower overall support costs;

- see potential problems before they become big problems;
- access information from any source and in any language to enable more accurate research and analysis;
- improve compliance and governance efforts, helping to ensure that accurate, legally acceptable information is shared;
- increase customer satisfaction and retention;
- improve the efficiency and accuracy of research;
- deliver powerful insights about how a business is operating and where it should go in the future.

CHAPTER FOUR

4

Using systems to organise and collect data

IT FOLLOWS THAT ATTENTION SHOULD BE PAID to related systems. Specifically, two areas are addressed:

- ERP systems and spreadsheets;
- SAP, Oracle and Cloud.

4.1 ERP SYSTEMS AND SPREADSHEETS

The use of spreadsheets is commonly understood and forms an additional tool to data-collection and analysis processes, as provided by ERP systems. These systems use databases and software applications to integrate internal and external management information across an entire organisation, embracing all manner of functions, such as finance/accounting, manufacturing, sales and service, and customer relationship management.

Basically, ERP systems automate this activity, doing so in real time, with an integrated software application in order to facilitate the flow of information between all business functions inside the boundaries of the organisation and to manage the connections to outside stakeholders. Given the popularity for such systems, it is understandable that most computer service providers have ERP in their suite of products. The modular nature of the ERP offerings allows for the installation of one or more modules that can stand alone or be connected, to ensure data integrity.

Generally, the modules of any ERP system are as follows:

- Finance and accounting
  - General ledger, accounts payable, cash management, fixed assets, accounts receivable, budgeting, consolidation
- Human resources
  - Payroll, training, benefits, recruiting
- Manufacturing
  - Engineering, bill of materials, work orders, scheduling, capacity planning, workflow management, quality control, cost management, manufacturing process, manufacturing projects, manufacturing flow, activity based costing, product lifecycle management
- Supply chain management
  - Inventory, order entry, purchasing, product configuration, supply chain planning, supplier scheduling, inspection of goods, claims processing, commissions
- Project management
  - Costing, billing, time and expense management, performance units, activity management
- Customer relationship management
  - Sales and marketing, commissions, after sales service, customer contact, call centre management.

In addition, ERP systems have a number of fundamental tools related to the modules and the system overall, such as:

- transactional database;
- management access;
- dashboard reporting;
- business intelligence systems;
- customisable reporting;
- external access via ICT and the Internet;
- search capabilities;
- document management;
- messaging between users;
- workflow management.

As with most computerised applications, there is a need for standardisation of codes, processes and practices to facilitate automation and thereby gain the expected benefits from investment in computing hardware and software. This necessitates changes (which can be troublesome) to existing operations of a user site and/or customisation (which can be expensive) of the programming code that makes possible the functionality, as well as the look and feel of screens and assorted reports.

4.2 SAP, ORACLE AND CLOUD

In relation to the section on ERP, it is noteworthy that associated systems and applications can be in-house, as with significant technology service providers SAP and Oracle. Or users can access so-called cloud-based applications. This section looks at these possibilities in summary form, with the primary focus on the main topics of this book.

SAP IFRS XBRL

SAP has a keen interest in IFRS, which is reflected in its website (www.sdn.sap.com/irj/bpx/ifrs). The related pages of this site are a resource for businesses that are implementing IFRS, especially using SAP solutions.

Particularly, the website features:

- A series of webinars, entitled 'Ensure a Successful IFRS Transition with SAP', utilising experts from SAP partners focusing on IFRS. The following partners are participating in the webinar series: Accenture, Clarkston, Ernst & Young, Deloitte, PwC, and SAP Consulting.
- SAP Global IFRS Survey Results whereby SAP shares the results of the SAP IFRS Survey of more than 350 financial executives, who gave their insights into how their companies are preparing for the IFRS transition.
- Recently Featured
  - IFRS Convergence is Here Now
  - Uncovering Business Value
  - IFRS Transition: To Upgrade or Not?
  - U.S. SEC Clarifies Its Position Around IFRS Adoption
  - SAP Education Hot Topic: A Good Way to Start Your IFRS Learning Journey
  - IFRS and Parallel Reporting An SAP EcoHub Webinar Series

- Year 2011: The Tipping Point for Accounting Standards – As accounting changes unfold with the convergence of new IFRS standards, Pete Graham highlights how knowledge and advanced planning will be the best way to ensure success in 2011.
- Latest IFRS Content
  - Check print was not genrated in APP
  - An Industry Win Over Liquidity Buffers
  - How to implement IFRS requirement?
- IFRS Knowledge Center
  - Getting Started
  - IFRS FAQ
  - IFRS Webinars and Recordings
- Related Areas
  - Enterprise Resource Planning (ERP)
  - Enterprise Performance Management (EPM)
  - Standards

In addition, see *IFRS and XBRL for SAP BusinessObjects EPM Solution*s on Facebook at www.facebook.com/sapifrs.

Oracle IFRS XBRL

Oracle has a web page dedicated to IFRS (www.oracle.com/us/solutions/corporate-governance/ifrs/061806.html).

Aside from introductory text related to IFRS, the site suggests:

> While full IFRS adoption might still seem far away, the IFRS transition is a process that has to be in place three years before the date of actual conversion. Organizations should therefore start evaluating the impact IFRS will have on their systems and processes today. Oracle has been addressing IFRS requirements for many years and offers a variety of solutions that can assist with the transition to IFRS. In the over 100 countries already required or permitted to use IFRS today, many organizations are already using Oracle solutions to comply with IFRS requirements.

Furthermore, the site has other sources of relevant information, summarised next:

- News
  - Deloitte Comments on SEC's Recent IFRS Announcement

  - Webcast: Deloitte Special DBrief 'SEC's Plans for Moving Forward with IFRS' (March 9, 2010)
  - KPMG – IFRS Now Magazine – In Conversation with Jeff Epstein (PDF)
  - Press Release: Deloitte and Oracle Extend Alliance to Address International Financial Reporting Standards
  - Oracle Financials Product Marketing Blog
- Brochures and Data Sheets
  - Accenture Point of View: Guiding utilities through IFRS adoption using Oracle Applications
  - Accenture – Planning for IFRS Adoption
- White Papers
  - Oracle's Financial Management Solutions: Transition to IFRS with PeopleSoft
  - PwC – IFRS is on the horizon: Are your systems ready?
  - Oracle's Financial Management Solutions: Transition to IFRS with Oracle E-Business Suite
  - Managing the Transition to International Financial Reporting Standards
- Podcasts
  - Oracle and KPMG Podcast
- Internet Seminars
  - Guiding utilities through International Financial Reporting Standards adoption using Oracle applications

Oracle produces another source of important information, *New Reporting Requirements: IFRS, XBRL, Sustainability,* aimed at CFOs. See www.oraclecfo.com/Main/Solutions/Solutions_w.html?mode=1&articleID=2263&categoryID=82#tab1.

The related text is as follows:

> Cost and Disruption of IFRS Transition, XBRL
> While moving to IFRS will make life easier for analysts and investors in comparing and analyzing the financial health of global companies, the transition will cause challenges for accounting and finance staff who must report results in local GAAP and IFRS during the transition period. The adoption of XBRL by the US SEC and other regulators is impacting over 8,000 companies who are updating their filing processes and systems to support the standard.

Sustainability Reporting
Sustainability Reporting (environmental, social and economic reporting) is gaining momentum with over 2000 organizations globally registering reports with the GRI. Whether for mandatory or voluntary purposes, for many organizations, sustainability reporting poses a new challenge. There are typically many different data sources - such as operational systems, financial systems, documents, published reports - and many different kinds of indicators that must be collected and aggregated. The diversity of the relevant structured and unstructured data further complicates matters, and the data must be auditable.

The site also provides:

- Podcasts
  - Using XBRL to Make SEC Filings Easier at Oracle
  - Improving Sustainability Reporting at Dong Energy
  - Managing the Transition to IFRS
  - Regulatory Reporting Using XBRL – The SEC Viewpoint
- Webcasts
  - XBRL & SEC Mandate – Are you Ready?
- White Papers
  - Beyond the final mile of group [corporate] financial reporting
  - Oracle's Financial Management Solutions: Transition to IFRS with Oracle E-Business Suite
  - Preparing U.S. Companies for the Transition to IFRS: A Guide for JD Edwards Customers
  - Planning for IFRS Adoption
  - Sustainability Matters
- Links
  - Learn more about Oracle Enterprise Performance Management
  - Learn More About Oracle and IFRS

Cloud

In contrast to in-house systems, cloud computing refers to the delivery of computing as a service rather than a product. For instance, shared resources, software and information are provided to computers, and other devices, as a metered service over the Internet. Usually, end users have no knowledge of the physical location and configuration of the system that delivers the services. It is a scalable way for users to use ICT services.

In addition, there are cost advantages in relieving users of hardware and software investment, although there is the related issue of not having total control over user data, and related processing, when it is hosted elsewhere than user premises.

There are three main cloud services:

- Software as a Service (SaaS) – as relates to the Internet-based model whereby software and data are hosted by a provider;
- Infrastructure as a Service (IaaS) – also on the Internet, providing 'on demand' computing power whereby access to servers and storage is provided quite quickly and clients pay only for what they use;
- Platform as a Service (PaaS) – relates to application developers and where there is the opportunity to create and deploy new made-to-order software.

Note also that there are four distinct types of cloud:

- public cloud – wherein multiple entities and users share the infrastructure and software;
- private cloud – here users share dedicated corporate-based infrastructure and software;
- hybrid cloud – a combination of external and in-house resources;
- community cloud – allowing some entities with mutual interests to share infrastructure and software.

Given the related cost savings this approach to data collection, processing, analysis and distribution has made a significant impact upon the ICT plans of corporations and government departments. Smaller users have also accepted this approach to servicing data-related needs.

Increasingly, the use of finance and accounting applications, such as ERP, will be hosted outside of user locations, and the same will apply to the provision, processing and delivery of data, information and business reporting. In that regard, cloud computing is likely to facilitate a change in the way that IFRS and XBRL are accessed and implemented, with this shift being a significant and positive one.

5

CHAPTER FIVE

Opportunities to integrate and track data objects

5.1 GROWING INTEREST AMONG STAKEHOLDERS

That XBRL has made substantial inroads in the realm of finance and accounting is indisputable. Still, as will become apparent over time, the current install base will grow at a fast rate when influential entities, such as government authorities and financial institutions, set XBRL as a mandatory requirement for all data sourcing and business reporting needs. That of itself will be a certain source of impetus for the future. However, other considerations exist, such as the fact that double entry bookkeeping can track about ten objects, whereas XBRL can track a couple of thousand. Accordingly, new approaches to object tracking will be found and shall affect, very positively, future business management and related reporting.

Certainly, such fertile ground is evident to many people, and this has promoted the review of opportunities for numerous XBRL-related stakeholders, and will continue to do so. For instance, there are the initiatives of the Information Systems and Accounting Research Group (ISARG) of the University of Birmingham. The focus of ISARG is researching the communication, use and regulation of digital reporting. Specific areas of interest include the development of industry standards, control and electronic interchange of data, XBRL, the use of Internet technologies in business, ERP systems, and the role of technology in taxation.

ISARG runs an annual conference on XBRL and online reporting. The conference is designed to bring together academics and practitioners to share knowledge and to provide an opportunity for attendees to discuss issues. In 2011, ISARG hosted a conference entitled *The future of XBRL in Europe: Impetus, institutions and interrelationships* in conjunction with the IT Faculty of the Institute of Chartered Accountants in England and Wales (ICAEW). This took the form of a workshop run at Chartered Accountants' Hall in London– see www.dundee.ac.uk/accountancy/whatson/allnews/xbrl.htm or www.birmingham.ac.uk/schools/business/departments/Accounting-Finance/research/isarg.aspx.

The summary document related to this event provides considerable points to ponder. Specifically, it states:

> The successful development and diffusion of standards for business information exchange requires a strong and complex stakeholder network pursuing a solution for a commonly perceived problem.
>
> In the case of eXtensible Business Reporting Language (XBRL) it is widely accepted that adoption is being driven by regulatory bodies which have recognised the benefits for themselves and the potential for reductions in compliance costs they impose. So while it is possible for a technology for digital data exchange to become a *de facto* standard through widespread adoption, XBRL's diffusion has come about to date by regulators requiring it in a *de jure* fashion. The importance of regulators in the adoption of XBRL means that the XBRL consortium needs to engage with the institutions and governmental structures which provide this impetus and to understand the constraints and requirements that regulatory adoption imposes on the process of diffusion.
>
> For network standards, achieving a critical mass of adoption is fundamental to their success in facilitating data exchange. Ultimately if this data standard is able to competently deliver what stakeholders need the mechanism by which it is diffused is not important, but to achieve significant adoption outside of the regulatory sphere the benefits must be understood by the market based on a sound business case. Only then is it likely its use will be spread through voluntary adoption. Regulator adoption may in this way provide the base set of users, expertise and supporting software to act as a springboard for voluntary adoption for other business purposes. With this perspective in mind, the workshop explored three important aspects of regulated

> adoption: impetus and diffusion, assurance, and management and maintenance. Finally the participants discussed the contribution of research and the potential for collaboration.

It was made clear that the purpose of the paper was not to provide a detailed report of the many different issues and views represented at the workshop, but to synthesise the key ideas, whether they were apparently points of consensus or key points of difference, that emerged from the discussion. Still, the conclusion makes interesting reading:

> Tagging business data using XBRL is part of the larger movement to create a semantic web to free data for exchange and automated re-use. It has made significant progress, but faces important institutional and infrastructure challenges in becoming ubiquitous in business reporting settings in Europe. It may be that expectations for adoption rates have been based on the benefits perceived by those who have made significant commitments to developing it as a standard. A more realistic position may be to expect a ten year continuing project in Europe, with perhaps shorter time horizons for significant voluntary adoption within individual member states. This does not suggest that the XBRL community can 'sit back' and wait for market forces to take over from regulator impetus.

The following summary of the paper provides an insight into the proceedings:

- Impetus and adoption
  - Regulator impetus – localised developments
    - Regulator adoption is proving a key diffusion catalyst
    - Balancing the scale of projects proposed is important success factor
    - Institutional and legal boundaries may be important adoption limiters
    - Matching levels of functionality and phased growth
    - Ordering of development strategy
    - Need to manage proprietary and vested interests
  - Pan European development
  - From Regulator impetus to voluntary adoption
- Audit and assurance
- Other maintenance and infrastructure issues
  - Taxonomy architecture and structure
  - Management Commentary

- Authority, endorsement and maintenance
- Relationship with accounting standards
- Research and collaboration
  - Research perspectives
  - Specific areas of focus for research on XBRL:
  - Some other issues discussed
- Conclusion

For more information, see www.birmingham.ac.uk/Documents/college-social-sciences/business/accounting-finance/ThefutureofXBRLinEuropefinalsummaryforrelease.pdf.

Most definitely, the seeds of the future are planted in fertile ground found today. This brings to mind additional considerations, such as:

- Where will ERP be, say, in two years from now?
- What of hardware, and a steady stream of improved chips?
- How will cloud computing address emerging business reporting needs?
- Will more sensors be needed to track objects automatically?

Such questions are addressed in *Future Tech: Where Will ERP Be in 2 Years?*, being a white paper available at www.pddnet.com/white-papers. Among other things, this paper suggests that many ERP systems are deeply entrenched in organisations, and that their core technologies are mature. Yet ERP is in a state of flux. The ERP of the future promises to be simplified, more accessible and easier to use, shaped by trends that began taking hold in 2011.

Semantics

It is noteworthy that interest in this XBRL tagging has gathered considerable momentum. This inertia, of course, stems from XBRL being open-source, whereby source code of the related software is available free of charge to the community for anyone to use, copy, modify, sub-license or distribute. This is of particular importance, and of considerable benefit, to software developers, as well as accounting and business professionals, who want to create, review, audit or extract information from model-based digital business reports.

The additional impetus of the broader community of XBRL users and developers, especially recent related outcomes, also indicates that IFRS were never made for the financial services and that tracking is badly needed for the industry. Of particular concern to many in the XBRL community is the lack of adequate standardisation on the meaning of commonly used terms in business and, more importantly, in business reporting. The associated 'business need' is summarised in the following by Object Management Group (see www.omg.org).

> Financial services organizations have a language problem. Our world is driven by legal contracts about complex financial instruments and multi-faceted entity relationships – yet we have common business terms that have different meanings, common meanings that use different terms and vague definitions that don't capture critical nuances. This is out of place for an industry that operates in real time, on a global basis, performs intricate analysis across many functions, is required to report to regulators with precision and needs improved efficiency by automating business processes.
>
> In our industry, precision of data matters. Unfortunately, the semantics (terms, business meaning, rules and context) rarely reside and travel along with the data. This results in a never ending process of mapping and way too much manual reconciliation. It makes it hard to perform analytics and feed our models with confidence. It increases the cost of integrating data and automating workflow. This lack of provenance and traceability reduces confidence in our data factors of input, leads to compliance conflicts and increases the cost of doing business. And if we add to the equation the necessity of data comparability to meet the new global regulatory objectives of transparency, systemic risk analysis and financial stability – we begin to get the true picture of the business value and role of semantics for the financial industry.

A fascinating and insightful paper on this topic is *Financial Report Semantics and Dynamics Theory*, which was released in early 2012 by Charles Hoffman and Raynier van Egmond and can be found at www.xbrlsite.com/2012/Library/Theory-2012-02-11.pdf. Charles Hoffman is credited with being the father of XBRL. Currently, he works as a consultant helping accounting professionals leverage XBRL for everyday tasks and software vendors build useful software. In contrast, Raynier van Egmond is an IT professional with more than 25 years of ICT development and design expertise in financial and manufacturing industries and research.

Their work is an expository paper that explains the semantics and dynamics of a financial report. As such it is a useful resource for software vendors, accountants, internal auditors, external auditors, regulators, financial analysts and other business professionals working with semantic, structured, model-based digital financial reports that leverage the XBRL medium. The related table of contents of the draft, which makes attention-grabbing reading on its own, appears below:

- Introduction
  - Metaphors, Models, and Theories
  - Not a theory of financial reporting
  - Financial reporting conceptual framework
- Axioms (self-evident principles)
  - Financial reports communicate facts
  - Facts reported in a financial report have characteristics
  - Financial reports have components
  - Facts reported within financial reports are organized into components
  - Financial report facts and components can be organized leveraging the financial reporting conceptual framework
    - Financial report elements
    - Financial statement components
  - Industries and reporting entities with certain activities have different reporting practices and therefore use the financial reporting conceptual framework differently
  - Common characteristics of financial facts exist
  - Financial facts may have parenthetical explanations
  - Characteristics of a financial fact may be related
    - Partial set
    - Complete flat set
    - Complete hierarchical set
    - Complete complex set
  - Financial facts may be related
    - Financial facts can relate to one another numerically
    - Financial facts can have a non-numerical relation to another fact
    - Financial facts may not relate to any other financial fact
  - Financial facts have fidelity
  - Financial reports have integrity
  - Financial report components may have core facts and relations common to all reporting entities
  - Financial reports have a flow
  - Differing sets of detailed facts for a higher-level fact does not change the definition of the higher level fact
  - Financial reports may have supporting schedules

    - Reporting entities which created financial reports can be categorized into industries/activities
    - Financial analysts use certain common key financial ratios when analyzing financial report information
- Theorems (deductions from axioms)
    - Facts of a financial report should be uniquely identifiable
    - Components of a financial report should be uniquely identifiable
    - Different sets of detailed facts does not change the definition of higher level fact in general
    - Components and facts of a financial report are comparable to the extent that the components and facts are identifiable and common
- Ethics (worldview)
    - Financial reports have traits which impact their quality
    - Financial reports are used individually, compared across periods, and compared across reporting entities
    - Disclosures are reported, notes is a presentation related notion which refers to organization of disclosures
    - Reporting entity segment definitions are inconsistent in financial reporting literature
    - Financial reports may be expressed using different medium
    - Financial reports may contain non-financial information, sustainability information, or other information
    - Categorization of disclosures can be helpful
    - Facts reported within a component may be illogical without the existence of other facts
- Financial Report Semantics and Dynamics Theory
    - Financial report semantics
    - Financial report dynamics
    - Financial report component example
        - SEC HTML filing
        - SEC Interactive Data Viewer
        - XBRL Viewer (Firefox add on)
        - XBRL Viewer (XBRL Cloud)
        - I-Metrix (Edgar Online)
        - Magnify (CoreFiling)
        - CalcBench
- Proof (partial proof)
        - Balance sheet reports assets
        - Balance sheet reports equity

    - Cash flow statement reports net cash flow
- Conclusion

Another interesting publication is *XBRL as a Semantics over XML that Makes Relaxed Data Analysis,* available at www.imes.boj.or.jp/iso/papers/11_4.pdf. This was produced by Fujitsu in 2010 and ends with the following quote:

> A UML profile for XBRL GL has the potential *to make it simpler to integrate heterogeneous enterprise resource planning (ERP) systems*, as XBRL GL has been designed to help the data coming from the different systems to 'look the same'. It also will help UML vendors deploy models that will extend the functional reach of their products from software development into data integration, thereby addressing a much larger market than presently exists. The formality of UML will also help with standardization and simplification projects. Where proprietary integration between ERP systems must be completely rewired when one of the systems is changed, a standards-based investment using XBRL GL as a centralized data hub format means any new system just need to be mapped to the standard, resulting in greater return on the investment and providing greater agility.

The quote is attributed to www.omg.org/cgi-bin/doc?finance/2008-12-2. Interestingly, OMG's mission is to develop, through worldwide membership, enterprise integration standards that provide real-world value. OMG is also dedicated to bringing together end users, government agencies, universities and research institutions in communities of practice to share experiences in transitioning to new management and technology approaches such as cloud computing.

Fundamentally, the future is certain to differ in many ways from what is evident presently. As an indication, a simple Internet search parameter, say, of XBRL will raise numerous hits that reflect the considerable, and escalating, interest of corporations, financial service providers, software vendors, research institutes and others. All of that interest, which grows by the day, will increase the reach of XBRL, as well as provide better business reporting in the longer term.

PART FOUR

Tracking Objects – A Paradigm Shift in Business Reporting

TIPS FOR READERS

Traditional forms of financial reporting are in the process of change in order to make the related business reporting more meaningful to an ever-increasing readership. For example, concerned stakeholders can include employees, the general public and interest-specific pressure groups. In recent times, expectation of corporate social responsibility has influenced the content of business reporting, whereby non-financial aspects are added to the usual financial components. Integrated reporting is the outcome.

Despite obvious improvements in the usefulness of business reporting, more thoughtful consideration must be given to particular issues that remain embedded in current report-drafting practices. It is for this reason that an objects-based approach is recommended, whereby items (such as assets) are tracked and valued appropriately. This is also to do with organising the information and making it comparable in relation to the supply chain and associated valuation processes.

This proposal also requires clarity as to the definition of objects and in relation to the boundaries of reporting entities that can lay claim to the ownership of objects.

Summary

The first section offers a number of topics for consideration in relation to the proposed need for better business reporting. These include changes in technology and in thinking about what is necessary for business reporting. Developments in new reporting models are discussed, along with asset recognition and derecognition, as well as the vagaries of financial measurement. A comprehensive business reporting model is proposed, together with a fresh perspective of future business reporting, whereby objects are considered as necessary elements, particularly when clearly defined, tracked and valued.

Target audience

The overall concept map shown in the introduction indicates the necessary breadth and depth of elements in this book, which play a fundamental part in supporting current and expected thoughts of a new reporting paradigm. Accordingly, we can see that the various sections of this book are likely to be of particular significance to some people more than to others.

Readers who are expected to have an affinity with, and interest in, Part IV of this book, include:

- accounting practitioners
- developers of business reporting
- deliverers of business reporting
- standard setters
- IT professionals
- auditors
- senior executives
- senior bureaucrats
- general public
- finance professionals
- academics
- students
- company directors
- government officers
- politicians
- government ministers
- CSR supporters.

Note: Here, CSR denotes corporate social reporting as well as corporate social responsibility.

CHAPTER ONE

1 Introduction

TRADITIONAL ACCOUNTING AND FINANCE FUNCTIONS have changed greatly through the introduction, acceptance, installation and use of computerised systems. The same can be said of IFRS and XBRL, although relatively in a much shorter time frame. While the future of both pillars, IFRS and XBRL, were considered earlier, and the issue of object management was broached, consider the prospect and productive potential of combining objects and value to create a new, integrated financial, business and entity reporting model. This proposal is best put into perspective by reviewing where the notion sits in the context of earlier parts of this book.

Part I relates to historically grown standards that refer to objects and valuation, essentially mixing these up. This can mean that accounting for value occurs without any reference to the underlying objects. Issues, such as double counting, can arise in such circumstances. In Part II, with regard to disclosures, the objects are all the same, with tax and financial reporting being the same, too. But valuations differ. As a consequence, there is the strong probability of a different flow of information arising from comparable reporting entities. This is also likely to occur in relation to non-financial reporting where there is a lack of consistency between related non-financial standards, as well as due to differing views taken by various reporting entities as to what non-financial reporting means. In Part III, XBRL is identified as a tagging device that lends itself well to tagging objects. Essentially, it can be seen as having been manipulated to track values only. Even so, it is an extremely useful tool to organise this information, and developments are expected in relation non-financial standards.

All of the preceding sections lead to Part IV, in which objects and values are kept separate. The objective in this part of the book, therefore, is to manage objects accurately by tracking them and managing any related conversion (such as of units of measure, or currency) to ensure comparability, as well as accurate valuation. If objects and value are kept apart, as suggested, it is feasible that a new form of business reporting can be created that increases existing maximum levels of reliability and integrity. For instance, the tracking of all objects can be improved by way of computer-readable sensor devices rather than tags. By organising business information in this manner, it becomes comparable throughout the supply chain process and also in relation to the associated valuation.

Essentially, this proposed paradigm shift in business reporting discipline entails the fundamental, systematic and disciplined tracking of objects. In effect, it means a move away from the commonly understood accounting principles through the elimination of double entry bookkeeping. The new archetype involves mixed attributes and mirror accounting. In this regard, mirror accounting means that one object cannot be accounted for as an asset by two separate entities. Only one party can own an object, such as an asset. Basically, full objects cannot be in the accounts of two parties. In the case of capital items, corporate auditors send out letters of confirmation to check for the existence of those physical objects. But for financial instruments, and if two related parties use alternative approaches in accounting, without adequate transparency, there is a strong possibility of duplication of the related details. Thereby, mirror accounting is not happening properly. In effect, there must be greater clarity on asset ownership so that there is no possible doubling up.

With regard to valuation, when there is clarity over the appropriate values to use, whether historic or market, the same object can be presented in many currencies without the need for additional effort. This proposed approach can be thought of as another tool to use in relation to business reporting. It has the tangible prospect of reducing, quite dramatically, the amount of data and informative elements that are generated for business reporting purposes at present. That will have positive intra-entity and wider economic implications.

Changes in technology

Consider the rapid rate of technological change, and not just in terms of software applications or hardware associated with business reporting. For instance, there is the prevalence of Global Positioning System (GPS), especially in fleet management, plus picture recognition, as well as assorted sensors. Then there is increasing globalisation and the ever-influential Internet.

Essentially, so-called time tracking can become more widespread than is the case at present. In doing so, it is possible to determine the location of an object that can be confirmed to be in only one place at a particular point in time. In turn, this can be linked directly to real-time reporting. This is more than tracking parcel deliveries with UPS (United Parcel Service) or Swift: it can expand into supply chains related to products, people and financial items.

Changes in thinking

In the process of digressing from common norms in organisational management and business reporting, there is a need for more clarity over definitions, such as for capital, fixed assets (whether movable or non-movable) and people. This can be seen to become something of a financial-communication matrix that makes any idealised integrated reporting feasible and necessary.

Object definitions

Consider the following as needing further investigation:

- entities, boundaries and business models;
- recognition and derecognition in IFRS;
- reporting entities defining their objects;
- are contracts objects? Consider the definition in IFRS 5;
- object definitions in IFRS.

Chasing value

Businesses are already creating models that are coming to a common currency. For instance:

- markets, such as eBay, Amazon, stock exchanges;
- currencies and financial instruments;

- fair value in IFRS, IVSC and other models;
- netting under IFRS (such as the Deutsche Bank example);
- new IFRS standards.

A new reporting model

Creating a new reporting model requires the valuing and disclosing of net assets, as well as consideration of recognition and de-recognition. Then there are products that have a short-term life-cycle (and are likely to be movable) and those with a long-term life-cycle, such as facilities that are likely to be stationary and also non-movable.

This has financial implications, especially with regard to recognition and derecognition, as well as any cash flow statement and forecast. Following on from this are the related issues of entity value, stakeholder engagement and relations management, as well as corporate communication, leading to a new model for the development and distribution of business reporting. In that regard, reports would need to disclose attributes of net assets, as well as strategies for the entity and for the underlying business model.

Certainly, none of this can be dismissed as unreasonable and there is enough to contemplate, quietly or otherwise, the future of business reporting and how it can be improved.

CHAPTER TWO

Developments in new reporting models

AT THIS JUNCTURE, CONSIDER *Developments in New Reporting Models,* published by the Institute of Chartered Accountants in England and Wales at the end of 2009 and available at www.iasplus.com/uk/0912newreportingmodels.pdf. This publication looks at calls for a new reporting model, for both financial and non-financial reporting. It argues that business reporting must adjust to reflect changes in business, in information technology and in users' needs. Naturally, this is a perpetual process. Yet business reporting is best viewed not in terms of models but as a complex social institution, one which constantly evolves in response to changes in its environment.

Market forces, regulation, ethical and emulatory motives, as well as pressure from participants in public debate, all push business reporting to adapt to changing circumstances. The debate about the future of business reporting therefore needs to be reframed, and not as a stark choice between an old model and a new one but in terms of the need for continuing evolutionary improvements.

The contents of this 109-page publication are as follows:

- Tables and research findings
- Executive summary

- The challenge
  - Summary
  - Calls for reform
  - Business reporting and reporting models
  - Delivery and access
  - Criticisms of 'the current model'
  - Changing criticisms
  - Rhetoric and reality
  - Different societies, different reporting practices
  - Structure of the report
- Financial reporting fundamentals
  - Summary
  - Criticisms of 'the financial reporting model'
  - Inherent limitations: is financial reporting useful?
  - Financial reporting: the strengths of its limitations
- Accounting for intangibles
  - Summary
  - Relevance of the question
  - The charges
  - The historical perspective
  - Is financial reporting misleading investors about intangibles?
  - Intangibles: income v the balance sheet
  - Putting all intangibles on the balance sheet
  - Difficulties in the debate on intangibles
  - Improving financial reporting for intangibles
- Financial reporting and the financial crisis
  - Summary
  - Past and future work
  - Current value accounting: a broken model?
  - Historical cost accounting: a broken model
  - Recognition and disclosure problems
- Non-financial reporting
  - Summary
  - Is there a non-financial reporting model?
  - The case for a non-financial reporting model
  - Problems with a non-financial reporting model
  - A comprehensive model
  - Greenhouse gases: measurement and reporting
  - Mapping users' information needs

- Success drivers and business models
- The development of business reporting
  - Summary
  - An evolving institution
  - The wider context
  - Business reporting as a market activity
  - An ethical endeavour
  - A source of emulation and prestige
  - A regulated activity
  - Recent changes in the market for information
  - Systemic issues
  - Reasons for optimism
- Length and complexity
  - Summary
  - The problem
  - Possible solutions
- The way forward
  - Summary
  - The rhetoric of public debate
  - Reframing the debate
  - The importance of research
- Appendix 1: Proposals discussed in New Reporting Models for Business
  - The Balanced Scorecard
  - The Jenkins Report
  - Tomorrow's Company
  - The 21st Century Annual Report
  - The Inevitable Change
  - Inside Out
  - Value Dynamics
  - GRI
  - The Brookings Institution
  - Value Reporting
  - The Hermes Principles
- Appendix 2: Recent developments
  - Significant contributions to the debate
  - Significant developments in practice
  - Inquiries into complexity
- Appendix 3: Six underlying questions
  - Can business reporting meet all decision-making needs?

CHAPTER THREE

Recognition and de-recognition

CONSIDER THE ISSUES OF RECOGNITION and de-recognition at pwcinform.pwc.com/inform2/show?action=informContent&id=0939113203146678. More so, another page at the PwC site indicates *Revenue recognition: full speed ahead* (pwcinform.pwc.com/inform2/show?action=informContent&id=1034093207156960). This reports that an exposure draft released by the IASB and the FASB in 2010 proposes a new revenue recognition standard that could significantly change the way entities recognise revenue.

The proposed standard is likely to have a more significant effect on some industries than others. For instance:

Recognition Recognition issues for financial assets and financial liabilities tend to be straightforward. An entity recognises a financial asset or a financial liability at the time it becomes a party to a contract.

De-recognition De-recognition is the term used for ceasing to recognise a financial asset or financial liability on an entity's balance sheet. These rules are more complex.

Assets An entity that holds a financial asset may raise finance using the asset as security for the finance or as the primary source of cash flows from which to repay the finance. The de-recognition requirements of IAS 39 determine whether the transaction is a sale of the financial assets (and therefore the entity ceases to recognise the assets) or whether finance has been secured on the assets (and the entity recognises a liability for any proceeds received). This evaluation might be straightforward. For example, it is clear with little or no analysis that a financial asset is de-recognised in an unconditional transfer of it to an unconsolidated third party, with no risks and rewards of the asset being retained. Conversely, de-recognition is not allowed where an asset has been transferred but substantially all the risks and rewards of the asset have been retained through the terms of the agreement. However, the analysis may be more complex in other cases. Securitisation and debt factoring are examples of more complex transactions where de-recognition will need careful consideration.

Liabilities An entity may cease to recognise (de-recognise) a financial liability only when it is extinguished – that is, when the obligation is discharged, cancelled or expired, or when the debtor is legally released from the liability by law or by the creditor agreeing to such a release.

CHAPTER FOUR

4

Discussing measurement

CERTAINLY, THE BASIS OF WHAT CURRENT FINANCIAL and business reporting uses, in good faith or for a particular purpose, is subject to discussion, if not criticism. Look at the well-considered opinions in *Insight*, Q3, 2007, the quarterly journal of the IASB – see www.ifrs.org/Archive/INSIGHT+journal/Q3+2007.htm. In this issue, there is an article entitled 'Discussing measurement–Round tables provide the platform'. Obviously, any financial measurement is not a topic that wears thin with age, and it is worth reviewing.

The IASB and the FASB had, earlier that year, held joint round-table discussions in London, Norwalk (US) and Hong Kong (PRC) to discuss measurement as part of their 'Conceptual framework' project. The open dialogue during the round tables provided an opportunity for interested parties to present their views on the project and to have an impact on the board's thinking at an early stage of the project.

To aid the round-table discussions, the IASB produced a coded mock-up of a balance sheet that illustrates the many different measurement methods in use today. For example, 'other intangible assets' uses a mix of past entry price, amortised past price, allocated past entry price, combined past price, current exit price

FIGURE 4.1 XYZ Corporation balance sheet

ASSETS	EQUITY AND LIABILITIES
Non-current assets	**Equity attributable to equity**
Property, plant and equipment (abcdef)	**holders of the parent**
Investment property (acf)	
Goodwill (cfg)	Share capital
Other intangible assets (acdefg)	Other reserves
Available-for-sale investments (f)	Retained earnings
Held-to-maturity investments (d)	
Deferred tax assets (hi)	**Minority interest ***
	Total equity
Current assets	
Inventories – stock (abc)	**Non-current liabilities**
Inventories – commodities for trading (f)	Long-term borrowings (ad)
Trade receivables (i)	Obligations under finance leases (acdg)
Other current assets (af)	Liability for share-based payments (f)
Assets held for sale (cdeh)	Retirement benefits accrued (g)
Assets at fair value thru profit or loss (f)	Deferred tax liabilities (hi)
Cash and cash equivalents (f)	Long-term provisions (f)
Total assets	**Total non-current liabilities**
	Current liabilities
	Trade and other payables (i)
	Liabilities at their fair value thru profit or loss (f)
Legend of Bases	Short-term (bank) borrowings (ad)
a – Past entry price (cost)	Current portion of L/T borrowings (d)
b – Accumulated past entry price	Current tax payable (i)
c – Allocated past entry price	Short-term provisions (f)
d – Amortized past price	
e – Combined past price	**Total current liabilities**
f – Current exit price	**Total liabilities**
g – Value in use	**Total equity and liabilities**
h – Future net exit price	
i – Most likely future amount	

* Components of equity do not currently have a specified measurement basis.

and value in use, as indicated by the different codes shown by lower case letters in parentheses. This balance sheet presentation is replicated in Figure 4.1, and a cursory view indicates the issues and challenges that exist in this regard.

XYZ Corporation

Statement of Financial Position as at 31 December 200X

This particular article concludes with a pertinent view, as follows:

> The whole discussion certainly shows that the views on fair value measurement differ widely among preparers and users, but consensus exists on a general level. 'There are not many advocates of fair value for everything', said Elizabeth Hickey, 'or for historical cost for everything. But what we learned from the round tables is that most people want some historical values and some current values.'

To view the full summary report on the round tables, visit the Conceptual Framework project page at www.ifrs.org/Current+Projects/IASB+Projects/Conceptual+Framework/. Note that the project's overall objective is to create a sound foundation for future accounting standards that are principles-based, internally consistent and internationally converged.

CHAPTER FIVE

A comprehensive business reporting model

A COMPREHENSIVE BUSINESS REPORTING MODEL: *Financial Reporting for Investors* was published by the CFA Institute as part of its Codes, Standards and Position Papers (see www.standardsetter.de/drsc/docs/qb/2006_q1/a_q1_06_sonstiges_cfa_a_comprehense_business_reporting_model.pdf).

The Comprehensive Business Reporting Model is a framework for developing financial reports and disclosures that meet the needs of investors, such as equity investors, creditors and other providers of capital. The model proposes 12 principles to ensure that financial statements' disclosures are relevant, clear, accurate, understandable and comprehensive. It calls for broader, more comprehensive business reporting that provides sufficient information to investors to understand the wealth-generating activities of a company and the results of those activities. Implementation of the model improves the ability of investors and investment professionals to evaluate companies' performance and financial condition, and to make well-informed investment decisions.

The contents of this 67-page report include very pertinent commentary as to:

- The purpose of financial reporting;
- Business reporting modelling;
- Disclosures.

CHAPTER SIX

Future reporting: the object and value supply chain

CONSIDER THE FUTURE, PARTICULARLY IN RELATION to the means by which business reporting occurs is likely to occur. This is certain to take greater advantage of new technology. More importantly, with increasing interest in business reporting, a more conscientious way of displaying information will evolve. In addition, there will be greater integrity expected, and demonstrated, in the business reporting process. What follows is a view of that eventuality, one that will see greater attention being paid to objects, as well as to the related data.

Object identification and mapping

Consider the importance of object identification. Currently, the mapping of objects is a huge issue in the IT sector and is generating significant revenue for the software companies. Basically, mapping is the process matching certain aspects in two separate data models, or databases. This can facilitate data integration, including the seamless exchange of information, between companies, such as the transmission of purchase orders and invoices.

However, there is a lack of standards, as well as different metrics. Consider, for instance, metrification in most countries, but not for all. Plus, there is the issue of multiple currencies. For entities, especially those engaged in international trade or that are multinational, there is substantial data duplication. Plus, all information changes when there is a shift in the currency exchange rate. Even something supposedly as simple as buying a pair of shoes can expose the buyer to difficulties as there is no universal standard for identifying shoe sizes, as Figure 6.1 indicates.

System	Gender	Size
Europe		38
Mexico		4.5
Japan	Men	24
Japan	Women	23.5
UK	Men	5½
UK	Women	5
Australia	Men	5½
Australia	Women	6
USA and Canada	Men	6
USA and Canada	Women	7½
Russia and Ukraine	Women	36
Korea (millimetres)		245
Inches		9⅝
Centimetres		24.5
Mondopoint		245

FIGURE 6.1 Indicative shoe sizing around the world.

Source: Adapted from various sources

Perhaps at a more business-focused level, consider the many measures that can require conversion – see www.onlineconversion.com.

This site carries more than 5,000 units and 50,000 conversions. The related conversion pages and categories are as follows:

- Acceleration
  - Many different acceleration constants. g-unit, metre/square second, and more
- Angles
  - Gradients, Radians, Degrees, Minutes, Seconds, Points, and more
- Area
  - Square centimetre, Square metre, Square inch, Square foot, Square mile, Square kilometre, Acres, Circles, and more

- Astronomical
  - Astronomical unit, light-years, parsecs, and more
- Clothing
  - Convert clothing sizes between many different countries
- Computers and Electronics
  - Various conversions and calculators related to computers and electronics
- Cooking
  - Various cooking volume conversions, including Drop, Dash, Pinch, Teaspoons, Tablespoons, Cups, etc. Plus other cooking conversions such as butter weight, and gas mark temperatures
- Date/Time
  - Several different converters and calculators related to dates and times
- Density
  - kg/cubic metre, lbm/cubic foot, lbm/gallon, aluminum, copper, gold, water, and more
- Energy
  - Joules, BTU, calories, electronvolt, erg, kilowatt hour, therm, toe, tce, and more
- Finance
  - Several calculators and conversions related to finance
- Flow Rate
  - Many different flow rate conversions. Includes separate pages for mass-based, volume-based, and mole based flow rates
- Force
  - Dyne, gram-force, poundals, newtons, pounds, kgm-force, and more
- Frequency
  - Hertz, cycles per second, revolutions per second, degrees per second, radians per second, many and more
- Length/Distance
  - Millimetres, centimeters, inches, feet, yards, meters, kilometres, miles, mils, rods, fathoms, nautical miles, and more
- Light
  - Conversion calculators for illuminance and luminance
- Mapping
  - Many calculators and converters related to mapping and navigation
- Miscellaneous
  - Several calculators and conversions that didn't fit any other category
- Numbers

  - Number conversions and information. Base conversion, SI Standard prefixes, American and British naming conventions, and more
- Objects and Shapes
  - Various calculators for finding volume, area, and surface area for various different objects and shapes
- Power
  - Watts, BTU/hour, foot-lbs/second, horsepower, kilowatts, and more
- Pressure
  - dyne/sq cm, Pascal, poundal/sq foot, Torr, inch H2O, inch mercury, and more
- Speed
  - centimetres/second, metres/second, kilometres/hour, feet/second, feet/minute, miles/hour, knots, mach, and more
- Temperature
  - Celsius, Fahrenheit, Rankine, Reaumur, and Kelvin
- Torque
  - Pound-force foot, pound-force inch, kilogram-force meter, and newton meter
- Viscosity
  - Poise, centipoise, water, oil, glycerin, and more
- Volume
  - Liquid and dry, litres, fluid ounces, pints, quarts, gallons, millilitre/cc, barrels, gill, hogshead, and more
- Weight/Mass
  - Kilograms, ounces, pounds, troy pounds, stones, tons, and more.

Object recognition and tracking

Object recognition, and associated comparisons, is another field that is recent but has attracted a strong following. Digital photography and imaging, as well as related storage and retrieval, can work wonders. This leads to object tracking, such as of people, products and assets, as well as the financials and the way that all of this information is communicated.

A key consideration in relation to the financials is that the valuation approach for movable objects is different than for non-movable objects, such as real estate. As such, we can see that each entity will need to define its own objects as they are likely to differ for, say, a manufacturer compared with a retailer. Certainly, this applies to the banking industry and other aspects of the finance sector employed to highlight the use of objects and related reporting.

Sustainability

Given the widespread impact of the unforgettable global financial crisis, increasingly the finance sector is in line to be affected by factors of sustainability, as well as its intensifying social and environmental risks and impacts. As a direct consequence, financial institutions must pay more attention to sustainability programmes that are shaped and driven by factors such as corporate strategies, policies, goals and initiatives. In turn, these are based on drivers of economic, social and environmental risk, as well as financial return, natural resources, in addition to reputation. Sustainability programmes ensure that, amid environmental, social and economic uncertainty, an organisation is able to adapt and thereby remain viable for the long-term interest of its owners.

Financial reporting systems will play a major part in watching the sector's progress towards sustainable policy adoption. This would include IT system integrations, making financial flows more transparent and increasing pressure for implementing a less speculative global currency model. Appropriate accounting and reporting systems are needed urgently. Plus, these must have a global reach in tracking and valuing financial products if the financial sector is to play a critical role as a catalyst and integrator in moving other global financial reporting initiatives forward. Parallels can be drawn for other industries from the views presented below.

A changing agenda

We now understand the intellectual argument that natural capital (land, air, water and living organisms in particular) provides significant value to society and the economy. But it is not recognised or accounted for accordingly. What does this mean for the finance sector? Let's explore the type of risks that financial institutions should begin to think about when it comes to natural capital.

- Credit risks: the default of investments can be caused by risks associated with natural capital and this can also prompt inaccurate information affecting counterparts. Collateral risk is central to this as banks don't have the means of recognising the loss of natural capital and what this means in relation to their investments.
- Operational risks: these are most serious when it comes to an acceleration of natural disasters, or the effects of ecological degradation on business outputs, such as agriculture. Losses are a probable outcome.

- Reputation risks: being associated with financing an entity that is involved in major ecological liabilities bears increased risk. Once a financial institution loses its reputation in this manner, it is very difficult to build that back up.

These risks, and others, are recognised inherently by the 2010 UN-sponsored study on 'The Economics of Ecosystems and Biodiversity' (also referred to as the TEEB initiative – see www.teebweb.org). Even so, the finance sector must pioneer fundamental changes in how it estimates and analyses risks. It is more than likely that some within the finance sector will be hit harder than others. The insurance sector represents a particular case in point where exposure to natural capital risk is more pronounced, especially due to accelerating climate and environmental risks.

It must be said that the lack of agreement on valuation mechanisms and metrics is a barrier. Yet banks today use a wide range of instruments. These must be brought together in a systematic way, such as in a financial sector tool kit that addresses natural capital. This would also identify good examples of the financial instruments, the institutional processes and the valuation mechanisms that are already implemented.

Key innovation trends in the sector

Investors can play a forward-thinking role in treating natural capital issues as drivers of shareholder value. There are several areas where some innovation is taking place and where effort is needed by the industry to accelerate necessary change.

Benchmarking

The Natural Value Initiative (see www.naturalvalueinitiative.org) is a leading example of benchmarking. It found that out of 31 companies analysed in the food, beverage and tobacco sectors, only one was particularly mature in its approach to natural capital. Benchmarking companies in the responsible investment research industry are developing fast. But these entities are trying to cover a large number of companies by way of predominantly public information that is available.

It is noteworthy that a study released by the UN-backed Principles for Responsible Investment (PRI) and the UN Environment Programme Finance Initiative (UNEP FI) estimated that global environmental damage caused by human activity in 2008 represented a monetary value of $6.6 trillion, equivalent to 11 per cent of global gross domestic product (GDP). Major financial companies, such as Bloomberg, Thomson Reuters' Asset4 and Risk Analytics, are now getting into this space. Even so, attention also needs to be given to what is being benchmarked as different companies are good at various elements. Many smaller entities, such as AccountAbility (www.accountability.org) and Gaia-Metrics (www.gaia-metrics.com) are helping clients to benchmark information or provide standards and tools. In turn, this leads to better reports.

Valuation and risk

Banks, the investment sector and insurance companies have developed excellent risk and valuation models. The various environmental risk factors must be embedded into the general risk policies, and this needs to be beyond what, so far, is kept within the boundaries of project finance (for example, Equator Principles). Frankly, there is still too much focus on externalities. Consequently, valuations must be more object, entity and business model-centred.

Awareness

Reputation is still the leading driver of change in the finance sector. Examples of ecosystem failures as drivers of change are rare. Civil society and NGOs are playing an important role in highlighting the issue. But their strategies could also be more effective at targeting the right stories related to risk and opportunity for the finance sector. It is vital, therefore, to bring an operational risk perspective as well as hard business case numbers to the story, and to any associated campaigning. It stands to reason that an individual event, such as the BP oil spill in the Gulf of Mexico, can have a significant impact upon single investments and related industries.

Knowledge barriers

There is a need to accelerate translation of the biodiversity and natural capital issue into business language and associated cultures. A key consideration here is that the older generation of financiers today does not fully understand, or relate to, the language of ecologists, climatologists and earth scientists. In some areas of the finance sector, the type of scientific data that is developed by assorted earth scientists can cause financial analysts to feel discomfort, confusion and apathy. In relation to this issue, North American Electric Reliability Corporation (www.nerc.com) is looking at collaboration on biodiversity information between the academic sector and the finance sector. There is also an urgent need to bridge the worlds of science-based policy on 'ecological infrastructures' (for instance, what is the optimum level of ecological balance?) and financial investment (for instance, how does this ecological equilibrium translate into economic and financial values?).

Accounting and reporting

Financial reporting is reliant on underpinning standards and there is also a need for standardisation in how natural capital accounts are measured and integrated into financial statements. NGOs and investors have different ways of doing this, thereby making it difficult to know whether we are comparing like with like.

Several models, such as that of the Global Reporting Initiative (www.globalreporting.org), are now proposing solutions to the disclosure and reporting of natural capital accounts, based on sustainability. However, these efforts need to engage more thoroughly with accounting bodies and financial regulators in order to experiment with enhancing the regulations and standards. One huge issue here is that the public sector (which has most nature assets 'under management') does not report consistently. Also, while International Public Sector Accounting Standards (IPSAS) are starting to appear in public sector reporting (see www.ifac.org), it is a slow process of adoption. IPSAS are based on globally accepted IFRS and there is no real reason why the necessary implementation of appropriate standards cannot be accelerated. Furthermore, adoption of IPSAS would have an enormous and positive effect on modernising totally outdated, and fragmented, income tax laws in most countries. One other standard that could benefit considerably from the 'modernisation' of standards is the System of National Accounts (SNA), which currently focuses too much on boundary definitions instead of object tracking and valuations.

As a positive sign of possible progress, the need to have more global overarching standards is already identified with the emergence of the International Integrated Reporting Committee initiative (www.integratedreporting.org).

Financial institutions, in particular global banks, with their worldwide operations and huge capital asset base, could serve as a driver and catalyst to utilise emerging reporting systems, such as the GRI. By so doing, the banks would serve as a leading example in terms of better integrated reporting and a new way forward in relation to financial reporting. In effect, financial institutions are trailblazers in utilising the fair value model and, with it, these entities can lead worldwide accounting convergence. Certainly, the debate around fair value accounting has highlighted the need for global harmonisation of asset and liability valuations. However, banks are weak in object tracking, as evidenced by recent mortgage failures where it was difficult for banks to trace obligations back to the original owners through the intervening multiple layers of securitisation.

In this regard, consider the massive asset holding of global banks. Of particular interest is the asset level of Deutsche Bank, which fell by nearly \$1 trillion from \$3.1 trillion in 2008 to \$2.2 trillion in 2009. Remarkably, there was no reasonable explanation in the annual report or other pronouncements for such a significant reduction. This is indicative of weak accounting regulations in that a sizable bank can avoid any justification for a more than obvious drop in its assets.

IT infrastructure

Financial institutions are proven leaders in developing global risk models, but demonstrate less success in using global IT platforms similar to what ERP system packages have done for the industrial sector.

While this is cause for concern, and for necessary change, there is increasing pressure for worldwide system improvements. For example, see the daily news on system changes and improvements on www.finextra.com and the SEC 'Senior Supervisors Group Issues Report on Risk Appetite Frameworks and IT Infrastructure' in the *SEC News Digest*, Issue 2010-242, available at www.sec.gov/news/digest/2010/dig122310.htm. Global IT structures will lead to essential consolidation in the finance sector and new business models will emerge as a direct consequence. Hopefully, this will result in less speculation (particularly in relation to currencies) and enhance trust in reported numbers generated by the sector.

In addition, financial institutions can learn from industrial applications of object tracking and support the development and improvements in valuation standards, for instance, those promoted by the International Valuation Standards Council (www.ivsc.org). The separation of objects and valuation could, in effect, be a new way forward in financial reporting.

Business reporting

Regarding the separation of object tracking and valuation, it is worthwhile to compare the financial statements of an industrial/consumer goods company, such as BDF Nivea (BDF), and a financial institution, such as Deutsche Bank (DB), with respect to their reporting on people, products, infrastructure, financial assets and intangibles. It is noteworthy that both are IFRS-reporting companies.

Besides the relative size and volume of their presentations (2009 Annual Report: DB: 434 pages; BDF: 134 pages), a comparison indicates that the major differences in the reporting are as follows:

- better GRI and sustainability, as well as product and infrastructure reporting by BDF (Object tracking);
- more sophisticated reporting on financial instruments and currency reporting by DB (Value reporting);
- weak metrics on people and intangible reporting by both companies (Object reporting).

Separating unit and value flow in the supply chain

The mixed attribute model, which pulls together historical and fair values in the same financial statement (see the SEC report to Congress at www.sec.gov/news/studies/2008/marktomarket123008.pdf, page A-7), is one of the culprits in making financial reporting difficult to understand. Separating unit flow and value flow would be one way forward in order to bridge business reporting and reporting on nature. On a microlevel, there is much more unit data available regarding ecosystems and biodiversity than there is value data. In business, particularly in the finance world, it is the other way around as there is greater focus on value flow in order to capture risk and uncertainty. In this regard, consider huge general reserves and re-insurance of insurance companies.

Objects x Value = better business reporting

It is worth contemplating, at this point, that electronic transfer and tracking systems (especially XBRL in combination with radio frequency identification (RFID), GPS and other useful applications) create a global, intelligent chart of accounts that can help to make information, whether business-related or otherwise, more useful for stakeholder purposes.

With modern technology, such as geo-tagging and photo-mechanical object recognition, we are now able to track and find any number of objects in the business supply chain. Thereby, relativity becomes apparent when any objects are identified and monitored. Consider Figure 6.2, in which objects and

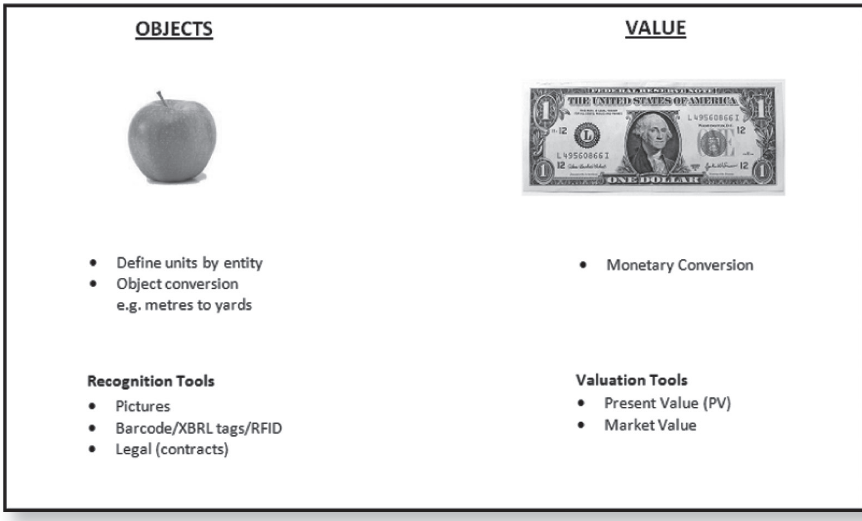


FIGURE 6.2 Objects x Value – the great divide. Reproduced by permission of the Stichting Global Reporting Initiative.

values are shown to be incompatible, in as much as the measurements and respective tools differ considerably.

Whether objects are apples, customers, capital items, stock holdings or deliveries, all of these can be monitored and managed with considerable ease. Recognition tools include pictures, barcodes, XBRL tags, RFID and contracts. Particularly, all identifiable objects can be aligned and valued in order to support improved decision making. Of course, value is a monetary measure, which can require tools that include present value and market value.

The combination of these two elements – objects and value – is considered below. Before we proceed, however, it is necessary for any reporting entity to consider, and conclude, the nature of its reporting boundaries. That is to say, there is need for clarity as to the entity and related stakeholders. This is best expressed diagrammatically, as in Figure 6.3.

As we can see, central to the figure is the reporting organisation. All others can be considered as stakeholders, although these are related directly to the value chain, as per the left-hand-side scale, showing entities that are upstream and downstream. Of course, other stakeholders, such as employees and interest groups, can also exist.

FIGURE 6.3 Where to draw a reporting boundary? Reproduced by permission of the Stichting Global Reporting Initiative.

Source: GRI Boundary Protocol, Global Reporting Initiative (GRI), January 2005, page 3.
Note: The entities listed here are examples only.

In the context of this figure, the right-hand-side scale shows the extent to which the identified stakeholders have any influence or control over the reporting entity. This is not a matter of debate here. However, any reporting entity must consider its independence in drafting business reports. Furthermore, there must be clarity as to the boundaries related to objects. For instance, there is a need for business entities to obey a couple of rules to set the boundaries – for example, every entity must make an individual decision on how to define objects within their entity. Thus, objects entering and leaving the entity could have different object definitions.

Take a moment to review the details of Figure 6.4, which brings together objects and value in connecting non-financial information with financial reporting.

In relation to the defining objects, note that some industries already have defined object definitions for their entire supply chain (for example, RosettaNet – see www.rosettanet.org). Outsourcing and cloud computing are other ways to coordinate object definitions within industries. Unmovable (fixed) objects can employ different tracking devices than movable (variable) objects. This is

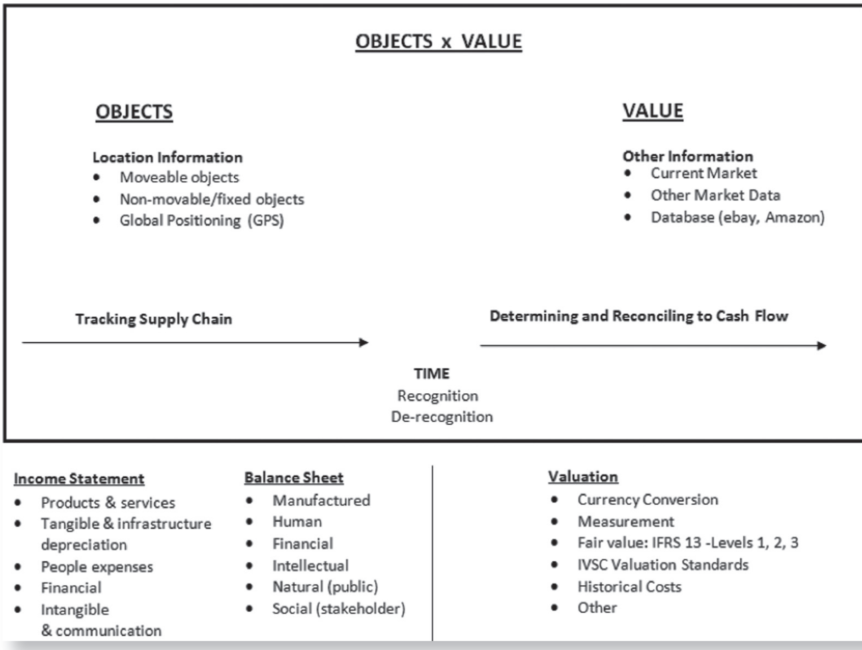


FIGURE 6.4 Objects x Value–connecting non-financial information with financial reporting.

inferred in Figure 6.4 in relation to so-called location information that might require the GPS, satellite-based navigation system, to track and monitor the location of particular objects.

As for values, in addition to valuation tools such as present value, other information sources are available to business reporting entities. These sources include current market prices, as well as any other market data, plus databases, such as eBay and Amazon.

One significant aspect of proper business reporting is tracking supply chain activity. This is especially important when considering the transfer of ownership of objects, as well as probable shifts in related location. Furthermore, objects and valuation, when combined, can have an impact upon cash flow in relation to related determination and reconciliation. As well, there is the temporal element whereby, through the passing of time, objects (such as assets) can be reclassified, such as through recognition and de-recognition.

More specifically, with regard to business reporting, consider the income statement in which objects can be broken down into the following business/ financial reporting areas:

- people (number of people × rates, benefits, etc.);
- tangible assets and infrastructure (number of cash-generating units × fair value, value in use);
- products and services (stock-keeping units × price);
- financial assets and liabilities (contracts, currency units × fair value);
- intangibles and communication (identifiable units × fair value).

These objects can be aligned to valuation files (such as fair values, historical costs and cash flow points). At a particular point in time and when required, the objects can be multiplied with the appropriate value files to avoid mixing apples and oranges, as occurs in the mixed attribute model.

For the balance sheet, in relation to the better definition of objects, plus greater clarity on related values, this can lead to a review as to how capital items are presented. For instance, these can be categorised in terms of six areas, introduced by Integrated Reporting <IR> (see later). Also, see www.rosettanet.org. Suffice it to say that this organisation sees capital as being manufactured, human, financial, intellectual, natural and social.

This segregation lends itself well to the alignment of biodiversity and ecosystem data with financial and business information. Dependencies and any impact on business, such as from the use of subsoil assets, as well as the pollution of water, air and earth, could be better explained. Instead of the current silo approach, business reporting and reporting on biodiversity and ecosystems could be integrated. Sustainability reporting is still something of a stepchild of other reporting needs as it lacks timeliness, seriousness and enforcement.

The final component of Figure 6.4 is valuation, with which there are associated a number of issues, relating to currency conversion, the determination of fair value, and valuation standards as per the International Valuation Standards Council (IVSC), introduced in Part II. Also, see www.ivsc.org. Of course, historical costs can also prove to be problematic when reckoning the value of some objects.

Aligning business reporting and sustainability reporting through disclosure

Most often materials, resources and other valuable information are spread widely, within an organisation, as well as externally. Once all of this is organised into meaningful segments (such as objects and sub-objects), the associated unit and value flow can be analysed. Pieces of information (now referred to as objects) that might be difficult to explain could, at a minimum, be aligned to a particular sector (for example, social networks and their influence in the people section of any so-called financial report). Then an indicative value can be given as an attribute in the form of a reporting disclosure.

Modern content analysis tools, such as Gaia Metrics' SDR Data Prep, can help us to find, sort and adjust information in internal company documents, as well as external publications, and align them (in terms of who, where and when) in accordance with a meaningful taxonomy or reporting system. Once we organise information into meaningful segments (such as objects and sub-objects) we can analyse the unit and value flow. Pieces of information (objects) that might be difficult to explain could be, at a minimum, aligned to a particular sector (e.g. social networks and their influence could be explained in the people section) and an indicative value (or method of valuation) could be given as an attribute in a disclosure or satellite accounts.

With this approach, other management and reporting methods can be advanced as well. Variance analysis and rolling forecasts are among the most frequently used tools in business management. We can compare and analyse business objects to 'best practices' and standards. Legacy systems (untrained people, outdated equipment, 'pollution'-causing products, outdated laws and regulations, etc.) can be aligned to current valuation on an opportunity-cost basis.

Needless to say, this approach would be a way forward to coordinate various tax systems and improve their application. It is easy to imagine that legal concepts and systems will be affected by these new approaches in global business and financial reporting. An example of this systematic and effective approach is provided in Figure 6.5, and subsets thereof, all of which are reproduced by permission of Gaia Metrics.

As the heading to this figure suggests, this application involves a human interface in ranking and flagging the results of any search. We can see each component of that figure in more detail next.

For instance, the left side of the screen, as appears above, shows a tree view of the hierarchy for basic navigation. In the main part of the screen, the top table shows a list of 'hits' of any search, such as documents that contain the concept in the search parameters related to the selected tree to the left.

The list of documents found include assorted details, such as the title, the weight of the result, the number of matching sections, as well as the source URL. The second (and middle) table shows the details of where and how many

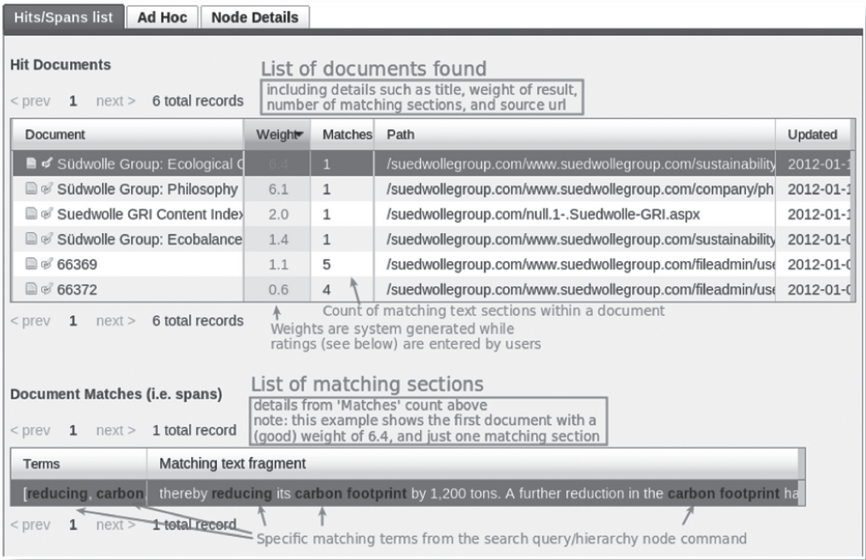


FIGURE 6.5 Content analysis with human filtering. Reproduced by permission of Gaia Metrics.

times the given concept occurs in the 'hit' document. This is also known as a 'span'.

Finally, the lower area of the screen, as appears above, shows details about the selected span as summarised in the middle table. This is where a human filter can score the span and also add a description for why they scored it the way they did. That adds to the effectiveness of subsequent searches, increasingly so over time and through additional interrogations of all objects and related information. Not shown here, is the possibility for the user to hand-select for fine-tuning a fragment within the full text.

Call for action – the way forward

Financial institutions are going through major changes in relation to determining the current usefulness and future form of their business models. In the process, these significant and influential entities must pay more attention to sustainability reporting. Nature, with its plentiful metrics and financial institutions, with their extensive knowledge of risk assessment and valuations can

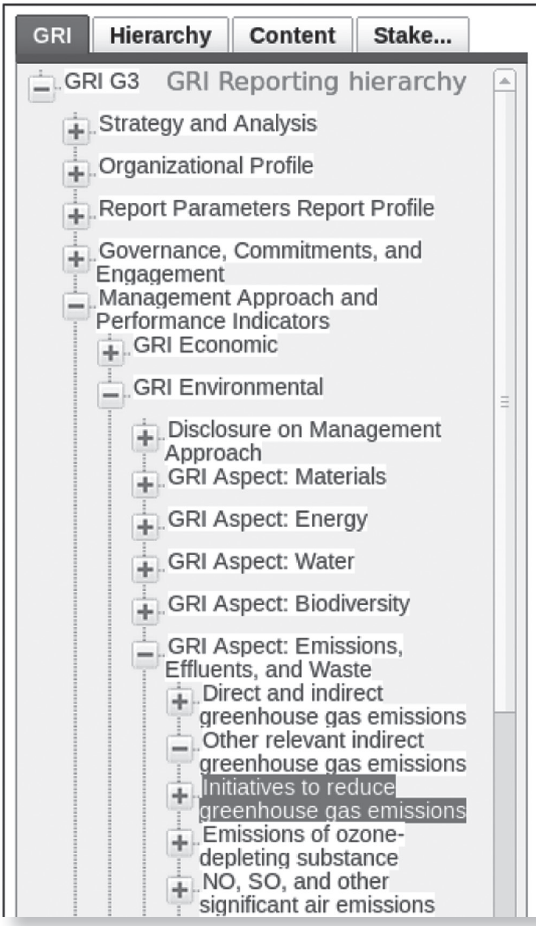


FIGURE 6.5A Hierarchy for basic navigation. Reproduced by permission of Gaia Metrics.

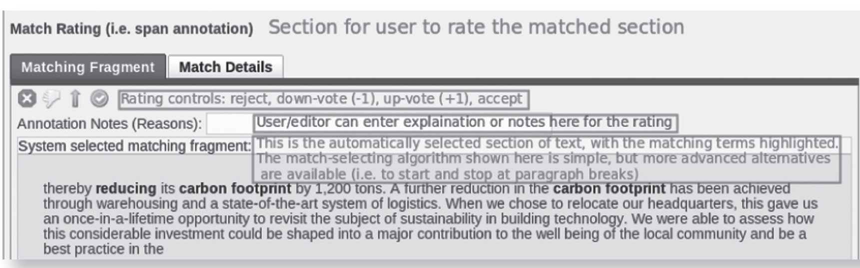


FIGURE 6.5B List of documents found. Reproduced by permission of Gaia Metrics.

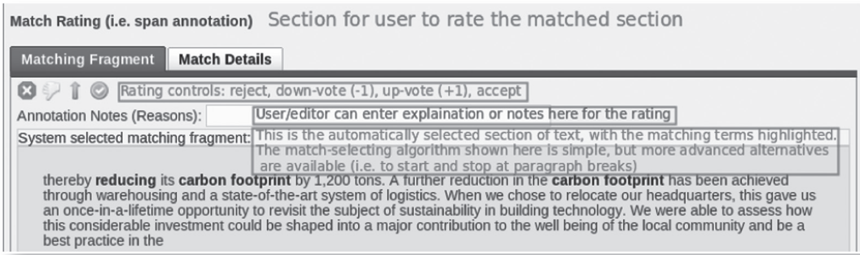


FIGURE 6.5C User rating of auto-selected text. Reproduced by permission of Gaia Metrics.

become a powerful combination, as well as a catalysing factor, in improving financial and business reporting.

Note: The previous section was based upon Ramin, K. and Reiman, C. (2011), 'Natural Capital: The Finance Sector & Financial Reporting – Catalysing Action?', in R. Schatz (ed.), *Trust Meltdown II*, Media Tenor International, Beirut, New York, London, launched at the World Economic Forum, Davos-Klosters, Switzerland, 25 January, pp. 17–26; reprinted in *The Malaysian Accountant*, journal of the Malaysian Institute of Certified Public Accountants, March – April 2011, pp. 10–15.

CHAPTER SEVEN

Integrated reporting

THE TOPIC OF INTEGRATED REPORTING, AND IMPORTANCE, was introduced earlier, particularly in Part II. This section expands on that in providing guidance and understanding as to the related notion and processes, and demonstrates its relevance in association with the preceding sections.

It is appropriate to identify why integrated reporting is worthy of attention. This is best done by relaying the key features and expected outcomes of integrated reporting – see Figure 7.1.

	Level 1	Level 2	Level 3	Level 4
Approach to sustainability	Reactive or Lowresponse	Managing direct risks and costs	Stakeholder responsiveness	Integrated strategy for competitive advance
Approach to reporting	Little in the way of sustainability reporting	Reporting of direct sustainability activities	Stakeholder-oriented reporting	Integrated business and sustainability reporting

Compliance → Value creation →

Harm minimisation →

FIGURE 7.1 Integrated reporting.

Source: Adapted from various sources

It is worthwhile reviewing the few points that constitute this presentation. As we can see, there are two main aspects:

- approach to sustainability;
- reporting approach.

As these aspects within a business entity, or any other organisation, rise in terms of collective responsiveness and responsibility, there is greater involvement of key stakeholders, as well as increased integration of strategy and reporting. The overall result of integrated reporting, therefore, is a movement from a position of mere compliance to one of value creation. Additionally, as is also evident at the very base of Figure 7.1, environmental harm is minimised, which is a beneficial outcome.

7.1 INTEGRATED REPORTING <IR>

Integrated reporting is a new approach to corporate reporting that demonstrates the linkages between an organisation's strategy, governance and financial performance and the social, environmental and economic context within which it operates. By reinforcing these connections, integrated reporting can help businesses to take more sustainable decisions and enable investors and other stakeholders to understand how an organisation is really performing. See www.theiirc.org.

An integrated report should be a single report which is the organisation's primary report – in most jurisdictions the annual report or equivalent. Central to integrated reporting is the challenge facing organisations to create and sustain value in the short, medium and longer term. Each element of an integrated report should provide insights into an organisation's current and future performance.

Discussion paper

In September 2011, the International Integrated Reporting Committee (IIRC) launched the discussion paper *Towards Integrated Reporting – Communicating Value in the 21st Century*, which sets out the rationale for integrated reporting and proposals for an integrated reporting framework – see www.theiirc.org/about or at theiirc.org/wp-content/uploads/2011/09/IR-Discussion-Paper-2011_spreads.pdf.

In relation to this report, the IIRC has brought together world leaders from the corporate, investment, accounting, securities, regulatory, academic, civil society and standard-setting sectors to develop a new approach to reporting. Integrated reporting will meet the needs of the twenty-first century. It builds on the foundations of financial, management commentary, governance and remuneration, and sustainability reporting in a way that reflects their interdependence. This is reflected in Figure 7.2.

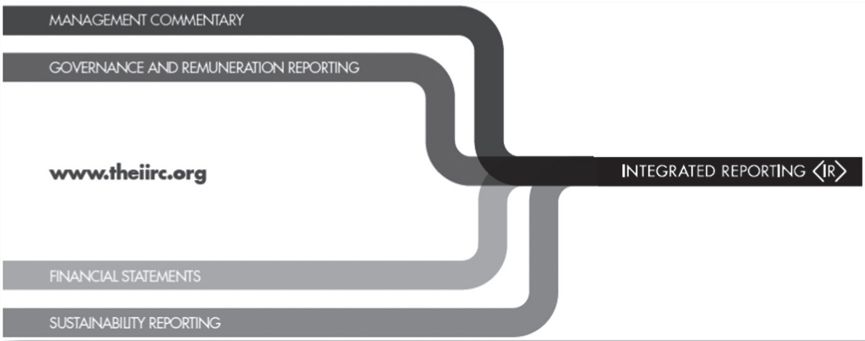


FIGURE 7.2 Interdependence in integrated reporting. Copyright © September 2011 by the International Integrated Reporting Committee. All rights reserved. Used with permission of the International Integrated Reporting Committee.

Source: theiirc.org/wp-content/uploads/2011/09/IR-Discussion-Paper-2011_spreads.pdf

The IIRC aims to forge a global consensus on the direction in which reporting needs to evolve, creating a framework for reporting that is better able to accommodate complexity, and, in so doing, brings together the different strands of reporting into a coherent, integrated whole.

This discussion paper considers the rationale behind the move towards integrated reporting, offers initial proposals for the development of an International Integrated Reporting Framework and outlines the next steps towards its creation and adoption, including the publication of an exposure draft. (Note that the Draft Framework Outline became available in July 2012. The purpose of the draft outline in this document is to keep stakeholders informed of the likely structure and general content of the Framework. A further outline, or prototype with more detail of the technical content, is expected to be released in late 2012, followed by a draft Framework for public consultation in early/mid 2013.)

The purpose of the discussion paper is to prompt input from all those with a stake in improved reporting, including both producers and users of reports.

The contents of this 30-page discussion paper are as follows:

- About this Discussion Paper
- Summary
  - What is Integrated Reporting?
  - Why do We Need Integrated Reporting?
  - An International Framework
  - Future Direction
  - Your Comments Requested
- The World has Changed – Reporting Must Too
- Towards Integrated Reporting
  - Integrated Reporting Defined
  - Building on Developments to Date
- An International Integrated Reporting Framework
  - How is Integrated Reporting Different?
  - Business Model and Value Creation
  - The Building Blocks
  - Guiding Principles
  - Content Elements
  - Towards Integrated Reporting – Innovation in Action
- What will Integrated Reporting Mean for Me?
  - Benefits, Challenges and Responses
  - Reporting Organization Perspective
  - Investor Perspective
  - Policy-maker, Regulator and Standard-setter Perspective
  - Other Perspectives
- Future Direction
- Summary of Consultation Questions
- Acknowledgements and Endnotes

What is integrated reporting?

Integrated reporting brings together material information about an organisation's strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates.

It provides a clear and concise representation of how an organisation demonstrates stewardship and how it creates and sustains value.

An integrated report should be an organisation's primary reporting vehicle.

Why do we need integrated reporting?

Since the current business reporting model was designed, there have been major changes in the way business is conducted, how business creates value and the context in which business operates. These changes are interdependent and reflect trends such as:

- globalisation;
- growing policy activity around the world in response to financial, governance and other crises;
- heightened expectations of corporate transparency and accountability;
- actual and prospective resource scarcity;
- population growth;
- environmental concerns.

Against this background, more in-depth information is needed to assess past and current performance of organisations and their future resilience than is provided for by the existing business reporting model. While there has been an increase in the information provided, key disclosure gaps remain.

Reports are already long and are getting longer. But because reporting has evolved in separate, disconnected strands, critical interdependencies between strategy, governance, operations and financial and non-financial performance are not made clear.

To provide for the growing demand for a broad information set from markets, regulators and civil society, a framework is needed that can support the future development of reporting, reflecting this growing complexity. Such a framework needs to bring together the diverse but currently disconnected strands of reporting into a coherent, integrated whole, and to demonstrate an organisation's ability to create value now and in the future.

International differences in reporting

Reporting requirements have evolved separately, and differently, in various jurisdictions. This has significantly increased the compliance burden for the growing number of organisations that report in more than one jurisdiction and makes it difficult to compare the performance of organisations across jurisdictions.

The benefits of integrated reporting

Research has shown that reporting influences behaviour. Integrated reporting results in a broader explanation of performance than traditional reporting. It makes visible an organisation's use of and dependence on different resources and relationships or 'capitals' (financial, manufactured, human, intellectual, natural and social), and the organisation's access to and impact on them. Reporting this information is critical to:

- a meaningful assessment of the long-term viability of the organisation's business model and strategy;
- meeting the information needs of investors and other stakeholders;
- ultimately, the effective allocation of scarce resources.

An international framework

The IIRC is developing an International Integrated Reporting Framework that will facilitate the development of reporting over the coming decades. The core objective of the Framework is to guide organisations on communicating the broad set of information needed by investors and other stakeholders to assess the organisation's long-term prospects in a clear, concise, connected and comparable format. This will enable those organisations, their investors and others to make better short- and long-term decisions. For more details, see theiirc.org/wp-content/uploads/2011/09/IR-Discussion-Paper-2011_spreads.pdf.

Business model and value creation

The overall process and related model associated with integrated reporting is summarised in Figure 7.3, as indicated by the various elements, including input, influence and outcome. Of particular interest here is the inclusion of six types of capital, seen on the left-hand side of the figure:

- Financial – being the same as generally understood;
- Manufactured – as per products and fixed assets;
- Human – people;
- Intellectual – communication;
- Natural – mainly owned by the public sector;
- Social – people and communication.

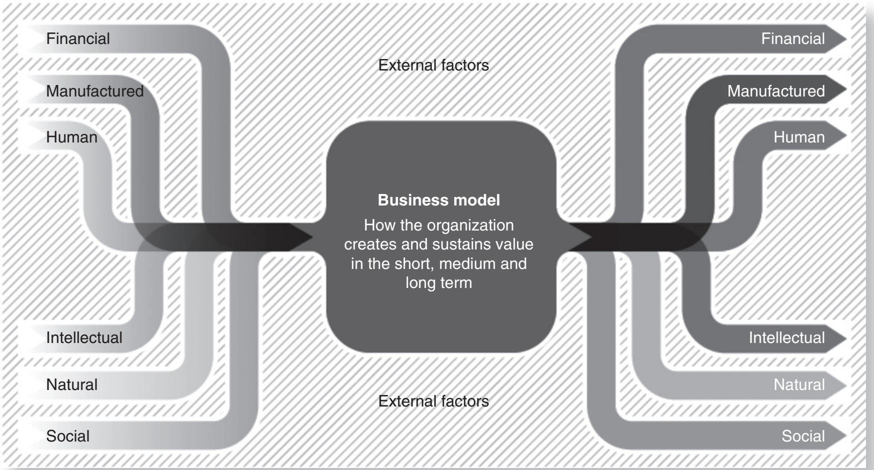


FIGURE 7.3 Integrated reporting: a business model. Copyright © September 2011 by the International Integrated Reporting Committee. All rights reserved. Used with permission of the International Integrated Reporting Committee.

Source: theiirc.org/wp-content/uploads/2011/09/IR-Discussion-Paper-2011_spreads.pdf

Essential to integrated reporting is the organisation's business model, as presented in Figure 7.3. There is no single, generally accepted definition of the term 'business model'. However, it is often seen as the process by which an organisation seeks to create and sustain value. An organisation determines its business model through choices that typically recognise that value is not created by or within the organisation alone but is:

- influenced by external factors (including economic conditions, societal issues and technological change) that present risks and opportunities, which create the context within which the organisation operates;
- co-created through relationships with others (including employees, partners, networks, suppliers and customers);
- dependent on the availability, affordability, quality and management of various resources or 'capitals' (financial, manufactured, human, intellectual, natural and social).

Integrated reporting therefore aims to provide insights about:

- significant external factors that affect an organisation;

- the resources and relationships used and affected by the organisation;
- how the organisation's business model interacts with external factors and resources and relationships to create and sustain value over time.

By describing, and measuring where practicable, the material components of value creation and, importantly, the relationships between them, integrated reporting results in a broader explanation of performance than traditional reporting. In particular, it makes visible all the relevant capitals on which performance (past, present and future) depends, how the organisation uses those capitals, and its impact on them, as illustrated by Figure 7.3. This information is critical to the effective allocation of scarce resources. It will provide a meaningful presentation of the organisation's prospects for long-term resilience and success, and facilitate the informational needs of, and assessments by, investors and other stakeholders.

Importantly, a reporting framework that is centred around an organisation's business model provides a better basis for management to explain what really matters, thereby bringing reporting closer to the way that business is run. For more details, see theiirc.org/wp-content/uploads/2011/09/IR-Discussion-Paper-2011_spreads.pdf.

Pilot Programme

The Integrated Reporting Pilot Programme offers a select group of companies the opportunity to demonstrate global leadership in this emerging field of corporate reporting. The Pilot Programme underpins the development of the Integrated Reporting Framework in 2011 and onwards. Through the Pilot Programme, the principles and practicalities of integrated reporting will be tried and tested, to support the creation of a new global standard in integrated reporting.

Already, more than 60 companies from around the globe have been invited to join the programme and companies from various sectors are securing their participation, including Microsoft Corporation (software and computer services), HSBC (banks) and Gold Fields (mining).

The programme consists of three phases:

- Dry Run – an initial phase that asks companies to do a walkthrough of IIRC's Framework and to identify the opportunities and challenges of implementation, informing the pilot kick-off conference and discussion paper consultation.

- (Note that the Dry Run is currently completed.)
- Pilot Cycle 1 – the first round of piloting, based on the discussion paper and draft Integrated Reporting Framework for reporting cycles ending between October 2011 and September 2012. The Pilot Cycle kicked off on 17 and 18 October 2011 in Rotterdam, the Netherlands, with a meeting of all programme participants.
- Pilot Cycle 2 – the second round of piloting, which will build on experiences from the first year.

A list of <IR> pilot companies, is presented in Table 7.1.

TABLE 7.1 IR pilot companies

Company	Country	Industry
AB Volvo – Volvo Group	Sweden	Automobiles
AEGON NV	Netherlands	Financial services
Akzo Nobel N.V.	Netherlands	Chemicals
ARM Holdings plc	United Kingdom	Technology hardware & equipment
Association of Chartered Certified Accountants	United Kingdom	Accounting
Atlantia S.p.A.	Italy	Industrial transportation
BBVA	Spain	Banks
BWise b.v.	Netherlands	Support services
Chartered Institute of Building, The	United Kingdom	Professional organisation
Charted Institute of Management Accountants, The	United Kingdom	Accounting
Cliffs Natural Resources	United States of America	Industrial mining & metals
CLP Holdings Limited	China	Electricity
CNDCEC	Italy	Accounting
DANONE	France	Food producers
Deloitte LLP	United Kingdom	Accounting
Deloitte Netherlands	Netherlands	Accounting
Diesel & Motor Engineering PLC	Sri Lanka	Industrial engineering
Edelman	United States of America	Media

(continued)

TABLE 7.1 *(continued)*

Company	Country	Industry
ENAGAS, S.A	Spain	Gas, water & multi-utilities
EnBW Energie Baden-Württemberg AG	Germany	Electricity
Enel S.p.A	Italy	Electricity
eni S.p.A.	Italy	Oil & gas producers
Ernst & Young Nederland LLP	Netherlands	Accounting
Eskom Holdings SOC Limited	South Africa	Electricity
Eureko (Achmea)	Netherlands	Insurance
Flughafen München GmbH	Germany	Transportation services
Gold Fields	South Africa	Mining
Grant Thornton UK LLP	United Kingdom	Accounting
HSBC Holdings plc	United Kingdom	Banks
Indra	Spain	Software & computer services
Industria de Diseño Textil, S.A. (Inditex)	Spain	General retailers
KPMG International	Switzerland	Accounting
LeasePlan Corporation N.V.	Netherlands	Financial services
Marks and Spencer Group plc	United Kingdom	General retailers
MASISA S.A.	Chile	Forestry & paper
mecu Limited	Australia	Banks
Microsoft Corporation	United States of America	Software & computer services
N.V. Luchthaven Schiphol	Netherlands	Transportation services
National Australia Bank Limited	Australia	Banks
Natura	Brazil	Personal goods
Novo Nordisk	Denmark	Pharmaceuticals & biotechnology
PricewaterhouseCoopers N.V.	Netherlands	Accounting
Prudential Financial, Inc.	United States of America	Financial services

Company	Country	Industry
Randstad Holding N.V.	Netherlands	Support services
SAP	Germany	Software & computer services
Showa Denki Co Ltd.	Japan	Household goods & home construction
Solvay	Belgium	Chemicals
State Nuclear Energy Corporation ROSATOM	Russian Federation	Utilities/Aerospace & defence
Stockland	Australia	Real estate investment & services
Takeda Pharmaceutical Company Limited	Japan	Pharmaceuticals & biotechnology
Telefónica S.A.	Spain	Telecommunications
Terna SpA	Italy	Electricity
The Coca-Cola Company	United States of America	Beverages
Vancity	Canada	Banks
Vestas Wind Systems	Denmark	Alternative energy
Via Gutenberg Consultoria em Entretenimento e Cultura Ltda	Brazil	Support services

Note: The above companies have agreed to their names being published. This is not a complete list of all companies participating in the Pilot Programme.

7.2 LANDSCAPE OF INTEGRATED REPORTING

An interesting source of information in relation to integrated reporting is *The Landscape of Integrated Reporting – Reflections and Next Steps* , edited by Robert G. Eccles, Beiting Cheng and Daniela Saltzman, and published in November 2010 by the Harvard Business School (see hbswk.hbs.edu/pdf/The_Landscape_of_Integrated_Reporting.pdf).

This publication was introduced when addressing ISO in Part II. Here we provide more detail. As the title suggests, this 334-page report is relevant to points raised in the preceding section. The contents appear below to show topics, covered by eminent persons, that are deemed to be pertinent to integrated reporting:

- Foreword – Nitin Nohria
- Introduction: The State of Integrated Reporting Today – Robert G. Eccles

- Part I: The Role of the Corporation in Society
  - Accounting and Accountability: Integrated Reporting and the Purpose of the Firm – Robert Kinloch Massie
  - A CEO's Letter to Her Board of Directors – John Fullerton and Susan Arterian Chang
  - Drivers of Corporate Sustainability and Implications for Capital Markets: An International Perspective – Ioannis Ioannou and George Serafeim
  - Growth, Stuff and a Guinea Pig: Inspired Thoughts from Two Days at Harvard Business School – Terence L. Jeyaretnam
  - Integrated Reporting in a Disconnected World? The Macro Measurement Challenge! – Alan Willis
  - What Should Be Done with Integrated Reporting? – David Wood
- Part II: The Concept of Integrated Reporting
  - The Five Capitals of Integrated Reporting: Toward a Holistic Architecture for Corporate Disclosure – Allen L. White
  - Integrated Reporting: A Perspective from Net Balance – Terence L. Jeyaretnam and Kate Niblock-Siddle
  - Think Different – Alan Knight
  - ISO Standards for Business and Their Linkage to Integrated Reporting – Kevin McKinley
  - Toward a Model for Sustainable Capital Allocation – Adam Kanzer
  - Learning from BP's 'Sustainable' Self-Portraits: From 'Integrated Spin' to Integrated Reporting – Sanford Lewis
  - Will Integrated Reporting Make Sustainability Reporting Obsolete? – Ernst Ligteringen and Nelmara Arbex
- Part III: Benefits to Companies
  - Integrating Integrated Reporting – Steve Rochlin and Ben Grant
  - Integrated Reporting: The Future of Corporate Reporting? – Paul Druckman and Jessica Fries
  - Integrated Reporting Contributes to Embedding Sustainability in Core Business Activities – Olaf Brugman
  - Six Reasons Why CFOs Should Be Interested in Sustainability – Simon Braaksma
  - Sasol's Reporting Journey – Stiaan Wandrag and Jonathon Hanks
  - One Report: One Message to All Our Stakeholders – Frank Janssen
  - Southwest Airlines One Report Review – Aram Hong
  - Integrated Reporting: Managing Corporate Reputation to Thrive in the New Economy – Hampton Bridwell

  - A Team like No Other – Who Will Own Your Integrated Report? – Christoph Lueneburger
  - Will the USA Take a Leap? Barriers to Integrated Reporting – Mike Wallace
  - Integrated Reporting in a Competitive World of Cities – Jen Petersen
- Part IV: The Investor's Perspective
  - Some Thoughts on Integrated Reporting and Its Possibilities – Farha-Joyce Haboucha
  - Integrated Reporting: What's Faith Got to Do with It? – Laura Berry
  - An SRI Perspective on Integrated Reporting – Peter DeSimone
  - Towards a 21st Century Balance Sheet: The First Three Steps – Toby A.A. Heaps
- Part V: The Importance of Auditing
  - Does an Integrated Report Require an Integrated Audit? – Bruce McCuaig
  - One Audit — Moving towards 21st Century Integrated Assurance – Nick Ridehalgh
  - Auditors at the Crossroads – Keith L. Johnson
  - Sustainability Reporting – Can It Evolve Without Assurance? The Audit Profession Can Help to Build an Assurance Model – Cindy Fornelli
- Part VI: Leveraging Technology
  - The Role of XBRL and IFRS in Integrated Reporting – Maciej Piechocki and Olivier Servais
  - Integrating Sustainability Reporting Frameworks and Financial Reporting into One Report with XBRL – Liv A. Watson and Brad J. Monterio
  - Sustainable Investing and Integrated Reporting: Driving Systematic Behavioral Change in Public Companies through Global Sustainability Rankings, Indexes, Portfolio Screening and Social Media – Michael Muyot
  - Integrated Reporting Enablement – Richard L. Gristak
  - Leveraging the Internet for Integrated Reporting – Kyle Armbrester
- Part VII: Better Engagement
  - The Business Imperative of Stakeholder Engagement – Sandy Nessing
  - Integrated Reporting as a View into Integrated Sustainable Strategies – Scott Bolick
  - Integrated Reporting and the Collaborative Community: Creating Trust through the Collective Conversation – Kathleen Miller Perkins
  - Online Co-Creation Communities: A New Framework for Engagement – Denis Riney

- Employee Engagement and the Holy Grail – Kathy Miller Perkins
- Engagement as True Conversation – Kate Parrot
- Part VIII: Perspectives on an Action Strategy
  - Tomorrow's Corporate Reporting – Patricia Cleverly, David Phillips, and Charles Tilley
  - Push, Nudge, or Take Control – An Integrated Approach to Integrated Reporting – Shelley Xin Li
  - Integrated Reporting: Long-Term Thinking to Drive Long-Term Performance – Mindy Lubber and Andrea Moffat
  - Integrated Reporting: Now What? – Michael P. Krzus
  - Transformative Innovation towards Integrated Reporting Passes through a Hands-on/Transition Phase and Leads to Real Innovation in Management – Livia Piermattei
  - Two Worlds Collide – One World to Emerge! – Ralph Thurm
  - Success Factors for Integrated Reporting: A Technical Perspective – Ralf Frank
- Part IX: Action Strategy Tactics
  - Integrated Reporting: Impact of Small Issuer Challenges on Framework Development
  - and Implementation Strategies – Lisa French
  - Beware of Greeks Bearing Gifts – Partha Bose
  - The Role of Lawyers in Integrated Reporting – Galit A. Sarfaty
  - The Role of Stock Exchanges in Expediting Global Adoption of Integrated Reporting – Christina Zimmermann
  - Integrated Reporting and Key Performance Indicators – Steve Lydenberg and Jean Rogers
  - Developing Key Performance Indicators to Support Integrated Reporting – Yoshiko Shibasaka
- Part X: Lessons from Experience
  - Some Thoughts on Advancing the Vision and Reality of International Integrated Reporting – Robert H. Herz
- The French Grenelle II Act:
  - Enacting Integrated Reporting and Further Developments – Patrick d'Humières and Nicolas Jandot
  - Sustainability Reporting: Where Does Australia Stand? – Terence L. Jeyaretnam and Kate Niblock-Siddle
  - Integrated Annual Report Survey – New Zealand's Top 200 Companies: Exploring Responses from Chief Financial Officers on Emerging Reporting Issues – Wendy McGuinness and Nicola Bradshaw

  - The Climate Disclosure Standards Board – Setting a Standard for Realism and Resilience – Lois Guthrie
  - CDP's Lessons from Ten Years of Climate Disclosure – Nigel Topping
- Part XI: Final Reflections
  - Integrated Reporting and the MBA Education – Daniela Saltzman
  - A Proposed Research Agenda on Integrated Reporting – Beiting Cheng

Another publication arose that is worthy of note. Particularly, *Making Investment Grade: The Future of Corporate Reporting – New Trends in capturing and communicating strategic value*, was published in June 2012 by the United Nations Environment Programme, Deloitte and the Centre for Corporate Governance in Africa, This important publication can be obtained at www.unep.fr/scp/publications/details.asp?id=WEB/0169/PA.

The conclusion of this publication, with that part headed 'The steep learning curve ahead' raises some very relevant points, as are captured by the thought-provoking subheadings, which are:

- Who drives reporting?
- One report or multiple reports?
- What are material issues?
- Who reads the report?
- Who governs reporting?
- Who regulates reporting?
- The way forward

Clearly, improving business reporting has widespread benefits for all stakeholders, and that prompts the need for thoughtfulness as to what can be done to improve current thought processes, as well as business reporting outcomes. The nest section stands upon that ideal, and explores a topic of particular interest to anyone who is keen to see improvement in the usefulness and integrity of business reporting.

CHAPTER EIGHT

Object tracking

WE HAVE SEEN THE BENEFITS OF OBJECT RECOGNITION, with associated tracking being an associated tool and advantage. This is a topic of increasing interest, as shown by recent reports of activity in capturing the market with applications that focus on unstructured data.

8.1 OBJECT RECOGNITION

Gartner, Inc. has identified what it believes will be the most important mobile applications in 2012. Focusing on high-end devices with an average selling price (ASP) of more than $300, analysts have identified the top ten cutting-edge technologies and trends for 2012. Among these is object recognition (OR).

> High-end devices have an increased sensor and processing capability that enable sophisticated applications to recognize the user's surroundings, including specific objects of interest. Because OR provides an easy-to-use interface, more apps will come to the market with enhanced capabilities by 2012. Users will rely on the camera, as well as other device sensors as a communication tool when OR capabilities are

combined with more-traditional app functions, giving users advanced search capabilities and a plethora of entertainment and productivity functionality.

See www.gartner.com/it/page.jsp?id=1544815 for more information, or skype-news.tmcnet.com/news/2012/02/01/6091400.htm.

8.2 DATA MANAGEMENT

LexisNexis (www.lexisnexis.com), a company providing computer-assisted legal research services, recently picked enterprise software company MarkLogic to power components of its new Lexis Advance solution. MarkLogic's latest product, MarkLogic 5, is a 'next-generation' database for Big Data and unstructured information, which allows organisations to analyse rich media with textual data in the same application. It includes the MarkLogic Connector for Hadoop, which combines large-scale batch processing with real-time Big Data applications.

8.3 TAGGING

There is already literature that broaches, and drills into, the subject of object identification, storage and tracking, for instance *Tagging: People-Powered Metadata for the Social Web*, by Gene Smith, published by New Riders in 2007.

This book indicates that tagging is fast becoming one of the primary ways people organise and manage digital information. Tagging complements traditional organisational tools such as folders and search on users' desktops, as well as on the Web. These developments mean that tagging has broad implications for information management, information architecture and interface design reaching beyond those technical domains and into our culture at large. We can imagine, for example, the scrapbookers of the future curating their digital photos, emails, ticket stubs and other mementos with tags.

In addition, this book explains the value of tagging, explores why people tag, how tagging works and when it can be used to improve the user experience. It exposes superficial simplicity of tagging to reveal interesting issues related to usability, information architecture, online community and collective intelligence.

8.4 TRACKING

Although the reach of object tracking is yet to be felt in relation to business reporting, the concept and application of tracking is already familiar in various industry segments.

Worldwide Tracking Inc.

This business entity specialises in offering comprehensive, versatile and cost-effective GPS communication solutions for many real-time management applications in the market today – see www.worldwidetracking.ca.

Among other things, the company offers a service called LoadTrek.net, an extensive dispatching solution that simplifies transportation management by integrating the entire process. It allows users to create and assign loads, track assets in real time, communicate with drivers, collect Department of Transportation (DoT) and fuel tax data, bill customers and analyse with one software program. In addition, this is a scalable system. The modular structure offers the opportunity to design a custom solution that fits current company needs, then expand functionality to reflect developing demands of a business.

This application has numerous features:

- Pinpoint the exact location of all your assets at any time with GPS real-time tracking.
- Create and assign loads with ease using drag-and-drop electronic load assignment.
- Receive reliable fuel tax information via electronic fuel tax data collection.
- Ensure constant DoT regulation with LoadTrek's electronic DoT monitoring system.
- Improve driver/dispatcher communication by making route, DoT and time card information accessible from any Internet-equipped computer.
- Increase operation productivity with the detailed load-analysis plan.
- Compare and improve driver performance with an elaborate driver data analysis.
- Simplify the billing process with LoadTrek's financial plan.
- Run LoadTrek seamlessly with QuickBooks and Great Plains software.
- Stay organised by storing customer and driver information electronically.
- Set driver and load rotations for reoccurring loads with the click of a mouse.
- Quickly determine resource availability and order status with active icons.

- Increase dispatch efficiency with an easy, drag-and-drop interface.
- Map routes and establish delivery times with a single mouse click.
- View driver requests to create advanced dispatch schedules.
- Link multiple drivers and equipment to generate delivery projects.
- Monitor equipment assignments to minimise resource downtime.
- Obtain current and historical vehicle locations to ensure driver compliance.
- Utilise driver messaging to send route updates and customer requests.
- Create detailed reports for drivers and third-party providers.
- Ensure the security of important information with complete accessibility control.

Packagemapping.com

Another aspect of tracking objects is through mapping, which is common in the transport sector. Consider Packagemapping.com (www.packagemapping.com).

Purchasing a subscription from Packagemapping.com allows a business to put the tracking program on its website.

People tracking – by Google

Software from Google enables mobile phone users and people with other wireless devices, including laptops, to share their whereabouts with family and friends, and to do so automatically. The product is called Latitude (www.google.com/mobile/latitude).

Note that Latitude can display the general location of an opt-in user based on information from GPS satellites and cell towers.

PART FIVE

IFRS + XBRL = driving change

TIPS FOR READERS

The usefulness of IFRS and XBRL is proven, especially when the two standards are partnered for the purposes of generating better business reporting. In effect, great strides were made in relation to improving the integrity, construction, distribution and comparativeness of business reports. However, there are obstacles to further advancement. As such, these impediments must be addressed and removed to ensure that more progress is made in the realms of IFRS, XBRL, and resultant business reporting.

Summary

In concluding our journey of discovery, we finalise our understanding of IFRS and XBRL, paying particular attention to the issues and obstacles that hamper progress of acceptance and implementation in both cases. Additional, topical issues are also presented. This part, therefore, provides critical commentary as to what is in the way of driving necessary business reporting change further, and faster.

Target audience

The overall concept map shown in the introduction indicates the necessary breadth and depth of elements contained in this book, which play a fundamental part in supporting current and expected thoughts of a new reporting paradigm. Accordingly, we can see that the various sections of this book are likely to be of particular significance to some people more than to others.

Readers who are expected to have an affinity with, and interest in, Part V of this book include:

- accounting practitioners
- developers of business reporting
- deliverers of business reporting
- standard setters
- IT professionals
- auditors
- senior executives
- senior bureaucrats
- general public
- finance professionals
- academics
- students
- company directors
- government officers
- politicians
- government ministers
- CSR supporters.

Note: Here, CSR denotes corporate social reporting, as well as corporate social responsibility.

PREAMBLE

As indicated in the preamble to this book, IFRS and XBRL are key components of business reporting today. These two elements of the finance and accounting world, when properly partnered, have the undeniable capacity to drive change at the micro and macro level, whether in business entities and public organisations, or at the more aggregated plane where an entire economy can enjoy improvements.

Without question, IFRS has achieved a consolidation of global standard setting for financial reporting. Numerous countries had their own professional private standard setters, or standards were set by legislation. Even so, worldwide adoption of IFRS encouraged related organisations to focus standards-setting influence on a global basis. Examples are International Public Sector Accounting Standards (IPSAS), International Auditing Standards (IAS), International Valuation Standards (IVS) and newer initiatives, such as the Global Reporting Initiative (GRI).

Another interesting trend will be the extent to which countries will base income tax regulations upon IFRS. Some countries have already started. In that regard, the benefits for IFRS would be better alignment of valuations (relating to transfer pricing), enforcement, in addition to audit efficiencies, as well as improved understanding of taxation processes and tax-related education. Additional benefits, of course, will arise from increased use of XBRL, particularly in relation to the submission of tax returns.

IFRS and XBRL is the perfect marriage, as is apparent to those who are already adherents, and users. Most noticeably, considerable progress is evident, particularly in relation to specific development, general acceptance and pivotal implementation of IFRS and XBRL. Therefore, we should see significant gains as a direct result. In fact, that has been the case in a number of significant areas where early movers proved the ideals of that union in committing the necessary passion, direction, resources and management to the task of implementation, as well as to ongoing operations. Yet, at a macro level, that has not happened to the fullest extent, for assorted reasons.

Clearly, IFRS are fundamental to the integrity of business reporting, within any country and also internationally. XBRL is the way by which such reports are able to be developed and delivered in an exceedingly reliable and rapid manner. These key conclusions are not debated; the extensive acceptance and implementation of both initiatives attest to that fact.

But the ideal scenario, of universal acceptance and implementation, has not occurred. This comes down to a number of issues that can have a negative impact upon the rate of acceptance and implementation of both IFRS and XBRL, as summarised next:

- inadequate funding and other resources;
- national accounting standards versus IFRS;

- partial acceptance of IFRS;
- slow expansion of IFRS;
- slow expansion of XBRL taxonomy;
- inadequate enforcement of IFRS.

In this regard, clearly, the key issues for consideration are:

- the need for increased acceptance of IFRS;
- the need for increased acceptance of XBRL.

We consider each of these in turn.

CHAPTER ONE

The need for increased acceptance of IFRS

ONE KEY OBSTACLE IS THE PERSISTENCE of national accounting standards versus IFRS, as addressed here.

1.1 NATIONAL ACCOUNTING STANDARDS VERSUS IFRS

The role of finance and accounting professionals is critical to international business development, whether this involves importing, exporting, outsourcing, joint ventures, takeovers, start-ups or subsidiaries. The same can be said for related auditors. From the outset of any enterprise, or through subsequent and ongoing interaction with internationally located business people, the accuracy and timeliness of business reports facilitates decision making in executive offices and boardrooms. Clear communication of fundamental numbers and other information, however, can be clouded by a variety of factors that needs to be understood, and managed, in order to reduce the impact of these on profit.

Specifically, does an international entity abide by financial reporting standards that are in line with what is used in head office? We can foresee that IFRS will become the common language for finance and accounting professionals worldwide. In that regard, increasingly, we also know that IFRS is mandatory for foreign business when dealing with corporations, such as in the EU, whether for trading or investment purposes. This makes sense. For instance, there is a dire need for a prospective trader or investor to rely, with complete confidence, upon what a possible foreign supplier, business partner or acquisition target provides in terms of financial information. Consider this as a matter of satisfying the necessity for ongoing due diligence.

In comparison with IFRS, however, there are national standards in some countries that are antiquated, with any possible, necessary and expected development often held back by associated academics and bureaucrats. Such influential people, usually, are far behind the rest of the world in relation to what is required of modern finance and accounting practices. Also, they tend to serve a political agenda that avoids initiatives of developed countries, no matter how sound and sensible these might be. In addition, there can be a lack of adequate professional infrastructure in place in associated countries, with no obvious political to produce drafts of enhancement for public comment or future inclusion in existing standards. Compliance is another issue as to whether there are systems in place, such as through institutional infrastructure, to ensure conformity with any rules, whatever these might be.

Note: For more on this issue, as well as others affecting the integrity of financial reporting in an international business setting, see Reiman, C. (2010), 'Accounting for International Differences', *Cost Management* (formerly *The Journal of Cost Management*), Thomson Reuters, Boston, November/December, Vol. 24, Issue 6, pp. 5–18; reprinted in *AIA International Accountant*, Association of International Accountants, Digital Edition Issue 61, November 2011, pp. 14–21.

1.2 PARTIAL ACCEPTANCE OF IFRS

Certainly, the translation of IFRS has provided the majority of countries with ready access, as addressed here. However, in contrast to the persistent upholding of national standards, there are countries that accept IFRS, although only partially. This is not in keeping with the general expectation of an international standard by which to assure global convergence, compatibility and comprehension of business reporting and underlying processes.

A recent example of related news arose in March 2012 when the Accounting Standards Council in Singapore determined that full convergence of Singapore Financial Reporting Standards with IFRS would not be implemented in 2012, as originally planned. India also has deferred its transition to IFRS.

CHAPTER TWO

The need for increased acceptance of XBRL

As WITH OBSTACLES FOR FURTHER USE OF IFRS, similar problems face the hoped-for pace of XBRL implementation and usage. For instance, as identified in the AICPA publication *IFRS Compass: IT Systems Implications*, there is a need for organisations to:

- address the effects of convergence on calculations and reporting;
- identify the new data that must be collected;
- create, modify and adapt IT systems to complete a successful implementation.

Also, in mid-2011, Roger Tabor, chair of IFAC's Professional Accountants in Business (PAIB) Committee, said: 'Many organisations have not yet realised how useful XBRL can be for them; professional accountants in business can assist them in navigating and making the most of XBRL.' This places onus upon professionals who, to date, might not have had the capacity to be effective advisors on matters that are just beyond their usual range of experience.

In relation to international issues, such as the varying take-up rate of IFRS, as well as XBRL, consider the appropriate level of government interest, governance and law that is necessary as a prerequisite for exploring, as well as embracing, a new way of doing things in finance and accounting. In this regard, see *World Justice Project Rule of Law Index 2011*, at worldjusticeproject.org/rule-of-law-index.

On the subject of accepting and implementing IFRS and XBRL, as an associated aside, there must be appropriate translations available, although it must be said that the current list of languages addressed in related publications, such as standards and taxonomy, is extensive.

CHAPTER THREE

Additional issues

IN ADDITION TO THE NEED FOR MORE acceptance and implementation of IFRS and XBRL, there are other issues that affect the future of business reporting, as well as all that flows thereafter. Consider the circular flow diagram in Figure 3.1.

In this figure, it is suggested that improved business reporting prompts better decision making. In turn, this facilitates improved efficiencies and, thereafter, increased economic outcomes. All of that will have a positive effect upon human and environmental conditions, very likely to influence further improvement in business reporting, and so on.

With regard to that cyclical representation of business reporting improvements, consider the following observations and issues, which will affect any people who draft, distribute or use business reporting. These same points will have an impact, directly or otherwise, upon executives who lead and manage entities in commerce and industry, as well as the public and not-for-profit sectors.

The end of double entry bookkeeping

A number of factors have changed the face of finance, accounting and business reporting. Primarily, the digital age has computerised accounting processes.

FIGURE 3.1 Circular flow diagram.

Very quickly, these reached the point where, now, there is no need for anyone to know of so-called 'T accounts' and other such fundamental principles that were the mainstay of the accounting profession. The world has seen the end of double entry bookkeeping.

Of course, with less time now being necessary to focus on such fine details, business reporting professionals have greater capacity to assess results, which provides impetus to more informative reports. That has positive consequences in any organisation.

XBRL GL

As might be apparent, XBRL was tweaked to fit the debit/credit mode that underpins accounting practices and processes. However, the real XBRL, which can accommodate the increasingly critical issue of object tracking, is XBRL GL. This is the standard to employ for anyone who pursues the objective of better business reporting.

IFRS and the financial sector

Despite all the benefits that can be attributed to IFRS, it is more than noteworthy to realise that IFRS was never designed to be an ideal standard for the financial sector. The complexity and rapidity of change in international capital markets is a case in point. This is a matter for more investigation, or for this important aspect of international trade and global capital flows to remain uninhibited.

Simplifying assurance processes

Assurance could be simplified through increased focus upon a number of factors and issues mentioned here. In particular, greater take-up of XBRL will expedite the accuracy of transactions, the integrity of business reporting and the speed of related audits. That should please corporations paying multi-million-dollar audit fees annually, although it is not likely to amuse accounting services firms as fees fall when tenders for audits take into account the obvious economies of better systems for facilitating financial audits, as well as for assessing non-financial reporting.

Aligning non-financial information

The entire landscape related to non-financial reporting is littered with issues, such as an abundance of interest groups pressing for visibility of assorted topics. In addition, there is a growing population of standard setters. Basically, the logical outcome is that we need better codification of business information in order to sort out and align non-financial information into one business report.

Objects, value and cash flow

Objects are becoming something of increasing interest to business reporting, as is the associated value. Cash flow reporting, therefore, will become more important than accrual reporting. Of course, we cannot value people. But it is possible to estimate what they will cost us, say, for the next year.

This leads to integration of different parts of the financial statements (balance sheet, income statement and cash flow), which should happen much faster than it does at present.

The conversion problem

Unit (or object) conversion, such as that relating to the likes of metric to non-metric, and monetary currencies in particular, is still a major handicap for business reporting. Of course, that is less of an impediment for companies that remain domestic and are without any connections beyond the national border. But the reach of globalisation has meant that most entities need to interact with international businesses in one form or another. For instance, when any cross-border activity occurs, businesses and related reporting run the risk of confusion, reduced integrity and less than optimal decision making. This is because of changes in norms, such as measures and exchange rates. Failure to do away with the potential problems of not converting accurately, if at all, can be extremely costly.

With respect to this issue, metrification stands out as an excellent way to reduce possible confusion and error when any units of measure are captured, analysed and reported in a cross-border circumstance. Similarly, the tardy response of the USA to its own metrification initiatives stands out as a possible example of shoddiness, ignorance and arrogance.

IFRS and GAAP

The convergence of IFRS and US GAAP, in as much as there should be a productive meeting of minds on this important topic, will happen only through the further use of technology. As such, XBRL is certain to play an important role.

It is particularly noteworthy that, in February 2012, Reuters reported James Kroeker, chief accountant at the SEC, saying in relation to possible convergence: 'We are hopeful we can put forward a model.' Understandably, this led to reports that a senior US regulator was 'optimistic' about finding a framework for the world's top economy to use global bookkeeping rules for investors to compare cross-border companies. At that time, Kroeker was in London attending the IASB's advisory council, where he gave an update on the US IFRS adoption decision. The transition would involve the Financial Accounting Standards Board endorsing IFRS for use by US companies.

Poignantly, Reuters also reported soon after that Mary Schapiro, chairman of the SEC, said the US would not be rushed or forced into adopting IFRS. 'I don't feel any pressure at all to go along with anybody,' Schapiro said. 'I feel pressure to do the right thing for US markets and US investors.'

This unfolding story had another intriguing element wherein, earlier, it was reported that the US could be dropped from the IASB after governance review by the monitoring board and the trustees of the IFRSF. One of the groups' recommendations was to limit IASB membership to nations that use IFRS. The change could threaten the US's role in the organisation if IFRS is not adopted by 2013.

As indicated in Part I this book, there is considerable discussion arising from the release of a less than positive Staff Report issued by the SEC, with this being *Work Plan for the Consideration of Incorporating International Financial Reporting Standards into the Financial Reporting System for U.S. Issuers – Final Staff Report*, Office of the Chief Accountant, United States Securities and Exchange Commission, July 13, 2012. For additional information, see www.sec.gov/spotlight/globalaccountingstandards.shtml, as well as www.sec.gov/spotlight/globalaccountingstandards/ifrs-work-plan-final-report.pdf for the actual report.

When the SEC Staff Report was released, it is noteworthy that Michel Prada, Chairman of the IFRS Foundation Trustees, expressed regret that the report did not include a recommended action plan for the SEC. In addition, Hans Hoogervorst, Chairman of the IASB, stated that more than two thirds of the G20 were on board with IFRS adoption, suggesting that the USA could be left behind.

As identified earlier in this book, the authors believe that convergence between IFRS and U.S. GAAP will be achieved through technology and not by wording individual standards, unless the U.S. is adopting the full set of IFRS. A potentially positive indication of this very notion is the increased SEC take-up of XBRL. More particularly, the SEC is considering a simplification to its financial report filing process by allowing public companies to file under a single method instead of two separate methods, being the traditional HTML format and the newer, data-interactive XBRL format, In-line XBRL, being a hybrid approach where companies can tag HTML documents with XBRL tags to produce a single document featuring the best of both formats. SEC comments on this approach are positive.

Campbell Pryde, who is President and CEO of the XBRL US consortium, reiterated the simplification for reviewing and filing financial statements, and reduce the risk of error The fact that U.K. companies already used the proposed XBRL-based approach took away the prospect of any risk for US companies.

Another interesting observation is that there is no SME financial reporting standard in the USA. Therefore, the IFRS for SME might have a chance of being accepted in a country that seems not to be fully committed to accepting IFRS otherwise.

Self-interest in standard setting

When various stakeholders must cooperate in standard setting for business reporting, there is still too much self-interest. It is an extreme situation involving huge salary scale differences among the various standard setters, in addition to considerable efforts by volunteers in others. Basically, the point of focus tends to be that of individuals, or organisations, rather than the needs of standard setting generally, and global business reporting in particular.

It is worth mentioning, here, that the Global Accounting Alliance (GAA) issued a discussion paper in February 2012 entitled 'Proposals to enhance the quality of international standard-setting'. The paper contends that, although international standards offer substantial benefits for national and global economies, they also entail considerable costs, some of which may not be fully appreciated at the time standards are promulgated. It argues that the international standard-setting process would benefit from greater attention being given to the costs, risks and benefits of proposed standards, and suggests the adoption of a consistently applied set of best practice arrangements to enhance the quality of international standard setting, with a view to maximising the benefits and minimising the costs and risks associated with international standards.

Specialised standard setters

As expressed by interest groups, as well as by professionals who deal with corporate responsibility, increasingly business reporting has changed from its sole focus on financial data. Also, business reporting continues to evolve as more pressure is brought to bear upon corporations, government entities and not-for-profit organisations for more useful and more appropriate coverage of related activities, as well as the associated outcomes.

Consider that this persistent change requires more coverage of objects, as opposed to financials and underlying valuations. These two areas can be seen as being quite different from each other, with one undeniably numerate and the other less so, if not conceptual on occasion. This is not to say that objects cannot be measured. But there is a different mentality that underlines the way by which analysis is conducted in each case. It is for this very reason that there should be a division of standard setters, specifically: one that focuses just on object definitions and another one that focuses just on valuation, as feeds into financials.

Defining boundaries

What is not yet entirely clear are the boundaries related to business entities, particularly when any one of them is owned by more than one corporation. Certainly, definitions need further work. As long as this remains unresolved, it allows for continued confusion as to control, as well as consolidation. That, of course, affects the integrity of related business reporting. For instance, consider the prospect of asset ownership being sufficiently foggy that, in some instance, ownership could be claimed by two reporting entities. Defining boundaries, probably, is one of the most difficult things to address, and resolve, in improving business reporting.

Tax reporting

In many countries, if not all, tax reporting and the related laws have grown from what was designed for use in the Middle Ages. Accordingly, there is a heavy, entrenched legacy that is ongoing, and a major hindrance to tax reform. Also, most aspects of the public sector are not known for being overly proactive. Therefore, historic baggage and contemporary laxness have meshed to obstruct necessary progress.

Another related consideration is that consumption-based value added tax (VAT), or goods and services tax (GST), lends itself well to object tracking. That significant opportunity has yet to be explored to any meaningful extent. Again, the aforementioned issues stand in the way of progressive thinking.

Better public sector reporting

A lack of adequate transparency in relation to public sector activity, as well as unsatisfactory lags before any reports are made available for public scrutiny, suggests the need for reform. It is quite clear that the public sector must catch up with, and match, generally accepted and widely expected business reporting methods.

Any progress in the public sector, however, is dependent upon the want and will of politicians, as well as senior bureaucrats. In addition, the business culture of the public sector differs from that in the private sector, which can resist external pressure for change as it can refuse to go along with greater transparency related to governmental spending. The same can be said in relation to any attempts to induce faster reporting, regardless of whether it is more informative.

As cited in Part II, it is warming to see that, in February 2012, the Statistical Office of the European Union (Eurostat) issued a public consultation on the assessment of suitability of the International Public Sector Accounting Standards for the member states of the EU. Similarly, 34 African nations, at the inaugural Pan African Federation of Accountants gathering in May 2012, agreed to adopt IPSAS, as well as IFRS.

CHAPTER FOUR

Conclusion

AS IS EVIDENT THROUGHOUT THIS BOOK, IFRS and XBRL are perfect partners in a quest, with an international reach, to improve the basis, processes and outcomes of business reporting. It is noteworthy, and laudable, that significant advancement exists for both of these standards, being seminal, yet effective.

Considerable, and very positive, progress was made in crafting IFRS and implementing them in many countries. The same can be said for XBRL as a necessary vehicle for hastening the delivery of benefits attributable to IFRS, as well as to those associated directly with XBRL. These two standards are key components of the finance and accounting profession and, as such, are critical vehicles of reform for altering how financial reporting is undertaken globally. Certainly, when IFRS and XBRL are intertwined, these standards drive change.

Such solid grounding gives added impetus to further plans for expansion into new areas of commerce, industry and public service, as well as in countries that as yet have not entirely addressed the question of why IFRS and XBRL remain on the sidelines of strategic and operational plans.

Still, as indicated in this concluding part of the book, one needs to look at a number of factors that have an undue influence over the prospective pace of improvement and implementation globally. Accordingly, all related stakeholders have a duty to do whatever can be done to move the integrity and usability of business reporting forward. That is a worthy pursuit and one that is sure to support greater confidence in executive decision making, thereby taking economic development forward, and doing so in accordance with principles that are appropriate for modern societies that have clarity as to future expectations about developmental and environmental limitations. With increased attention paid to IFRS and XBRL, such objectives are met in a manner that exudes confidence in all underpinning aspects.

The extent of any change, and the time frame in which it is achieved, will depend upon any, and all, people who can make a decision, in small or large form, to improve the prospects of better business reporting. Thus it is a collective effort, and a very worthy one, that has the capacity to let everyone play a part in facilitating increased will to make the world a better place through universal understanding of how that can be achieved.

Even so, it must be noted that critical issues remain, such as those associated with the less-than-optimal acceptance, globally, of two crucial elements for the integrity of future financial reporting, which are the primary topic of this book. There is a widely held business and social need, in effect, to reduce problems affecting cost containment, profitability, financial reporting and organisational effectiveness of entities in the private and public sectors. In turn, this will have a positive impact upon the decision making of all related stakeholders, whether internal or external, which is a matter of driving further change.

The solution, it seems, is increased education of, and greater dedication by, people who have the capacity to make a difference, and for them to engage with various entities, associations and organisations that uphold and promote XBRL as well as IFRS as very necessary aspects of modern business reporting. By so doing, IFRS and XBRL, the two significant agents of change, can expand opportunities in the private and public sectors and thus, drive necessary improvements onwards. The proposed new paradigm for better business reporting is a likely part of that process, as will be the need for increased focus on and consistent use of standards that relate to object definitions, object tracking and related valuations.

While various issues are apparent in the analysis encapsulated herein, the formula is simple yet effective, as it gives a clear indication of what can be seen as the so-called ‘go forward’ model for business reporting across the board. In summary:

IFRS + XBRL = driving change

Acronyms

ABNT	Associação Brasileira de Normas Técnicas
AEG	Advisory Expert Group
AFM	Netherlands Authority for the Financial Markets
AFNOR	Association French Normalization Organization Regulation
AGM	Annual General Meeting
AICPA	American Institute of Certified Public Accountants
AMF	Autorité des Marchés Financiers
ARM	Alliance for Responsible Mining
ASP	Average selling price
BBVA	Banco Bilbao Vizcaya Argentaria
BCI	Better Cotton Initiative
BDF	BDF Nivea
BI	Business intelligence
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit
BPM6	Balance of payments and international investment position manual
BSCI	Business Social Compliance Initiative
BTU	British thermal unit
BV	Besloten Vennootschap
CBC	Certified Business Consultant
cc	Cubic centimetres
CCB	Climate, Community & Biodiversity
CCRF	Climate Change Reporting Framework
CDP	Carbon Disclosure Project
CDSB	Climate Disclosure Standards Board
CEL	China Environmental Labelling
CEM	Customer Experience Management
CEO	Chief Executive Officer
CF	Conceptual Framework

CFA	Chartered Financial Analyst
CFA I	CFA Institute
CFO	Chief Financial Officer
CGRC	Committee on Governance, Risk and Compliance
CIMA	Chartered Institute of Management Accountants
CISA	Certified Information Systems Auditor
CITP	Chartered IT Professional
cm	Centimetre
CMA	Certified Management Accountants
CMAC	Capital Markets Advisory Committee
CNDCEC	Consiglio Nazionale dei Dottori Commercialistie degli Esperti Contabili
COFOG	Classification of the Functions of Government
COICOP	Classification of individual consumption by purpose
COPNI	Classification of the Purposes of Non-Profit Institutions Serving Households
COPP	Classification of the Outlays of Producers According to Purpose
CPA	Certified Public Accountant
CPCC	Control Points and Compliance Criteria
CPI	Consumer price index
CR	Corporate Responsibility
CRM	Customer Relationship Management
CSBP	Council on Sustainable Biomass Production
CSR	Corporate social reporting
CSR	Corporate social responsibility
CU	Currency units
DB	Deutsche Bank
DBMS	Database management system
DNA	Deoxyribonucleic acid
DOT	Department of Transportation
DP	Discussions Paper
DPOC	Due Process Oversight Committee
DSS	Decision support systems
DTD	Document Type Definition
DTS	Discoverable Taxonomy Set
EBITDA	Earnings before interest, taxes, depreciation, and amortization
ED	Exposure Draft
EDGAR	Electronic Data-Gathering, Analysis, and Retrieval
eIFRS	IFRS online version

ELR	Extended link role
EPM	Enterprise Performance Management
EPS	Earnings Per Share
ERP	Enterprise resource planning
ESA	European System of Accounts
ESG	Environmental Social Governance
ESOs	Employee stock options
ETI	Ethical Trading Initiative
ETP	Ethical Tea Partnership
EU	European Union
Eurostat	Statistical Office of the European Union
FAF	Financial Accounting Foundation
FAQ	Frequently asked question
FASAC	Financial Accounting Standards Advisory Council
FASB	Financial Accounting Standards Board
FDI	Foreign direct investment
FEI	Financial Executives International
FERF	Financial Executives Research Foundation
FFP	Fair Flowers Fair Plants
FIFO	First in first out
FISIM	Financial intermediation services indirectly measured
FLA	Fair Labour Association
FLO	Fairtrade Labelling Organisations International
FLP	Flower Label Program
FRTA	Financial Reporting Taxonomy Architecture
FSC	Forest Stewardship Council
FVTPL	Fair value through profit or loss
GAA	Global Accounting Alliance
GAAP	US-based Generally Accepted Accounting Principles
GASAC	Governmental Accounting Standards Advisory Council
GASB	Governmental Accounting Standards Board
GBEs	Government Business Enterprises
GDP	Gross Domestic Product
GFM	Global Filing Manual
GFSI	Global Food Safety Initiative
GFSM	Government Finance Statistics Manual
GGS	General government sector
GHG	Greenhouse gas
GmbH	Gesellschaft mit beschränkter Haftung

GNI	Gross national income
GOTS	Global Organic Textile Standard
GPF	Global Preparers Forum
GPFS	General purpose financial statements
GPS	Global Positioning System
GRI	Global Reporting Initiative
GRMS	Global Red Meat Standard
GST	Goods and services tax
HM	Her Majesty's
HP	Hewlett-Packard
HTML	Hypertext Markup Language
IAA	International Actuarial Association
IaaS	Infrastructure as a Service
IAASB	International Auditing and Assurance Standards Board
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IASC	International Accounting Standards Committee
IASCF	International Accounting Standards Committee Foundation
ICAEW	Institute of Chartered Accountants in England and Wales
ICGN	International Corporate Governance Network
ICLEI	International Council for Local Environmental Initiatives
ICMM	International Council on Mining and Metals
ICP	International Comparison of Prices Program
ICPFs	Insurance corporations and pension funds
ICs	Insurance corporations
ICS	International Classification for Standards of ISO
ICT	Information and Communication Technology
ICTI	International Council of Toy Industries
IDC	International Data Corporation
IEC	International Electrotechnical Commission
IEEE	Institute of Electrical and Electronics Engineers
IEEE-SA	IEEE Standards Association
IETA	International Emissions Trading Association
IFAC	International Federation of Accountants
IFIAR	International Forum of Independent Audit Regulators
IFOAM	International Federation of Organic Agriculture Movements
IFRIC	IFRS Interpretations Committee
IFRS	International Financial Reporting Standards
IFRSF	IFRS Foundation

IFS	International Featured Standards
IIF	Institute of International Finance
IIP	International Investment Position
IIRC	International Integrated Reporting Committee
IIS	International Insurance Society
ILO	International Labor Organization
IMF	International Monetary Fund
Inc.	Incorporated
INSOL	International Association of Restructuring, Insolvency & Bankruptcy Professionals
IOSCO	International Organization of Securities Commissions
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
IR	Integrated Reporting
IRIS	Impact Reporting & Investment Standards
ISACA	Information Systems Audit and Control Association
ISARG	Information Systems and Accounting Research Group
ISA	International Standards on Auditing
ISCC	International Sustainability & Carbon Certification
ISO	International Organization for Standardization
ISQC	International Standard on Quality Control
ISWGNA	Inter-Secretariat Working Group on National Accounts
IT	Information technology
ITA	Interoperable Taxonomy Architecture
ITC	International Trade Centre
ITMM	IFRS Taxonomy Modules Manager
IUCN	International Union for Conservation of Nature
IVS	International Valuation Standards
IVSC	International Valuation Standards Council
iXBRL	Inline XBRL
JFSA	Financial Services Agency of Japan
JIC	Journal of Intellectual Capital
kg	Kilogram
KPIs	Key Performance Indicators
lbm	Pound-mass
LIFO	Last in first out
LLP	Limited liability partnership
MBA	Master of Business Administration
MFP	Multi-factor Productivity

MMFs	Money market funds
MoU	Memorandum of Understanding
MSC	Marine Stewardship Council
n.e.c.	Not elsewhere classified
NGO	Non-government organisation
NPI	Non-profit institutions
NPISHs	Non-profit institutions serving households
NV	Naamloze Vennootschap
OECD	Organization for Economic Cooperation and Development
OMG	Object Management Group
OR	Object recognition
PaaS	Platform as a Service
PAIB	Professional Accountants In Business
PCAOB	Public Company Accounting Oversight Board
PDF	Portable Document Format
PFC	Public financial corporations
PFs	Pension funds
PLC	Public Limited Company
PNFC	Public non-financial corporations
PPP	Purchasing power parity
PRC	People's Republic of China
PRI	Principles for Responsible Investment
PS	Practice Statement Management Commentary
PSC	Public Sector Committee
PSTF	Private Sector Taskforce of Regulated Professions and Industries
PV	Present value
PwC	PricewaterhouseCoopers
R.O.K.	Republic of Korea
RFID	Radio-frequency identification
RJC	Responsible Jewellery Council
ROI	Return on investment
RSB	Roundtable on Sustainable Biofuels
RSPO	Roundtable on Sustainable Palm Oil
RTRS	Roundtable on Responsible Soy
S.A.	Sociedad Anónima
SA	Soil Association Organic Standard
SaaS	Software as a Service
SAM	Social accounting matrices
SAN	Sustainable Agriculture Network

SBR	Standard Business Reporting
SD	Standards Database of ITC
SDR	Special Drawing Right
SEC	Securities and Exchange Commission
SECO	State Secretariat for Economic Affairs
SEEA	System of integrated environmental and economic accounts
SFI	Sustainable Forestry Initiative
SFTMS	Sustainable Fair Trade Management System – WTO
SGML	Standard Generalized Markup Language
SHA	System of Health Accounts
SIC	Standing Interpretations Committee
SMEs	Small and medium enterprises
SNA	System of National Accounts
sq	Square
SQF	Safe Quality Food
SR	Social responsibility
T4SD	Trade for Sustainable Development
TBL	Triple Bottom Line
TC	Technical Committee of ISO
TCe	Tonne Coal Equivalent
TEEB	The Economics of Ecosystems and Biodiversity
TFHPSA	Task Force on Harmonization of Public Sector Accounting
UAE	United Arab Emirates
UEBT	Union for Ethical BioTrade
UK	United Kingdom
UML	Unified Modeling Language
UN	United Nations
UNEPFI	UN Environment Programme Finance Initiative
UNFCC	United Nations Framework Convention on Climate Change
UNOG	United Nations Office at Geneva
UNSC	United Nations Statistical Commission
UNSNA	United Nations System of National Accounts
UPS	United Parcel Service
URI	Uniform Resource Identifier
US or U.S.	United States
USD	United States dollar
VAT	Value Added Tax
VCS	Verified Carbon Standard
VRG	Valuation Resource Group of FASB

W3C	World Wide Web Consortium
WBCSD	World Business Council for Sustainable Development
WGI	Working Group 1 of TFHPSA
WGII	Working Group II of TFHPSA
WICI	World Intellectual Capital Initiative
WRAP	Worldwide Responsible Accreditation Production
WRI	World Resources Institute
WTO	World Trade Organization
WWF	World Wildlife Fund
XAC	XBRL Advisory Council
XBRL	eXtensible Business Reporting Language
XBRL GL	XBRL Global Ledger
xIFRS	IFRSs with XBRL
XII	XBRL International Inc.
XLink	XML Linking Language
XML	eXtensible Markup Language
XQRT	XBRL Quality Review Team
XSLT	eXtensible Stylesheet Language Transformations

References

The following references were used in the preparation of this book. These, in turn, can form the basis for additional learning on the part of any reader interested in gaining a broader or deeper understanding of the topics covered, especially IFRS and XBRL.

LINKS

annualreport.deutsche-bank.com/2010/ar/supplementaryinformation/corporategovernancereport/auditing.html

collaborase.com

ec.europa.eu/internal_market/accounting/ias

eifrs.iasb.org/eifrs/bnstandards/en/ias39.pdf

eifrs.iasb.org/eifrs/Menu?view=eifrsXBRL

eifrs.ifrs.org/eifrs

gaap-ifrs.com/news/126306/

hbswk.hbs.edu/pdf/The_Landscape_of_Integrated_Reporting.pdf

pwcinform.pwc.com/inform2/show?action=informContent&id=0939113203146678

pwcinform.pwc.com/inform2/show?action=informContent&id=1034093207156960

pwcinform.pwc.com/inform2/show?action=informContent&id=1034093207156960

www.accountingfoundation.org

shop.ifrs.org/ProductCatalog/Default.aspx

skype-news.tmcnet.com/news/2012/02/01/6091400.htm

standards.ieee.org

standards.ieee.org/develop/overview.html

submit.pwc.com/extweb/abas/comperio/comperioorders.nsf

thomsonreuters.com/content/press_room/tax/461863
unstats.un.org/unsd/nationalaccount/iswgna.asp
unstats.un.org/unsd/nationalaccount/research.asp
unstats.un.org/unsd/nationalaccount/sna.asp
worldjusticeproject.org/rule-of-law-index
www.accountability.org
www.accountability.org/standards/aa1000aps.html
www.accountability.org/standards/aa1000as/index.html
www.accountability.org/standards/aa1000ses/index.html
www.accountant.nl/Accountant/Dossiers/XBRL/Dossier+XBRL.aspx
www.accountingfoundation.org
www.aicpa.org
www.aicpa.org/InterestAreas/FRC/AccountingFinancialReporting/XBRL/Pages/XBRL.aspx
www.attensity.com
www.bdo.com/services/assurance/xbrl/
www.birmingham.ac.uk/Documents/college-social-sciences/business/accounting-finance/ThefutureofXBRLinEuropefinalsummaryforrelease.pdf
www.birmingham.ac.uk/schools/business/departments/Accounting-Finance/research/isarg.aspx
www.cdsb.net
www.cfainstitute.org/learning/products/publications/ccb/Pages/ccb.v2009.n3.1.aspx
www.charteredaccountants.com.au/Industry-Topics/Reporting/Current-issues/Standard-business-reporting
www.charteredaccountants.com.au/Industry-Topics/Special-interest/IT-and-XBRL/Useful-links.aspx
www.chessys.com/news_display.php?id=39
www.cica.ca/research-and-guidance/mda-and-business-reporting/md&a-pdf/item28812.pdf
www.cimaglobal.com/Documents/ImportedDocuments/cid_techrep_complexity_relevance_and_clarity_of_corporate_reporting_feb09.pdf
www.cimaglobal.com/Thought-leadership/Newsletters/Insight-e-magazine/Insight-2010/Insight-February-2010/XBRL--the-impact-on-yourfinance-function/
www.cmamagazine.ca
www.corporateregister.com
www.cpa2biz.com/AST/AICPA_CPA2BiZ_Nav/Top/Browse/Primary/Publications.jsp

www.cpa2biz.com/Content/media/PRODUCER_CONTENT/Newsletters/Articles_2008/CorpFin/Hands.jsp
www.deloitte.com/taxguides
www.deloitte.com/view/en_GX/global/insights/focus-on-the-issues/extensible-business-reporting-language/index.htm
www.dits.deloitte.com/DomesticRates/domesticRatesMatrix.aspx
www.dundee.ac.uk/accountancy/whatson/allnews/xbrl.htm
www.ey.com/GL/en/Issues/IFRS/Publications
www.ey.com/Publication/vwLUAssets/Disclosure_checklist/$FILE/Disclosure_checklist.pdf
www.ey.com/RU/en/Issues/IFRS/AABS---IFRS---7-Archive
www.faceboook.com/sapifrs
www.fasb.org
www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176154493444#
www.fasb.org/jsp/FASB/Page/SectionPage&cid=1218220087005
www.fee.be/publications/default.asp?library_ref=4&content_ref=1181
www.financialexecutives.org/ferf/download/2011 Final/2011-029.pdf
www.finextra.com
www.frc.org.uk/images/uploaded/documents/Cutting clutter report April 20113.pdf.
www.fsa.gov.uk/pubs/mou/fsa_sec.pdf
www.gaia-metrics.com
www.gartner.com/it/page.jsp?id=1544815
www.globalreporting.org
www.globalreporting.org/information/current-priorities/integrated-reporting/Pages/default.aspx
www.globalreporting.org/reporting/guidelines-online/Pages/default.aspx
www.google.com/mobile/latitude
www.gt.com/portal/site/gtcom/menuitem.91c078ed5c0ef4ca80cd8710033841ca/?vgnextoid=64f3e2764cdd7010VgnVCM100000308314acRCRD
www.hmrc.gov.uk/ct/ct-online/file-return/online-xbrltag.pdf
www.hp.jicpa.or.jp/english/xbrl/index.html?width=720&height=680
www.iasb.org
www.iasb.org/IFRSs/IFRS.htm
www.iasplus.com
www.iasb.org/home.htm
www.iasplus.com/agenda/framework.htm
www.iasplus.com/country/useias.htm
www.iasplus.com/en/binary/ifac/ipsasb/ipsassummary.pdf

www.iasplus.com/en/projects
www.iasplus.com/en/resources/resource382
www.iasplus.com/en/publications/model-financial-statements-and-checklists/2011/2011-model-financial-statements-with-early-adoption/view
www.iasplus.com/en/publications/model-financial-statements-and-checklists/2011/2011-model-financial-statements-with-early-adoption/view
www.iasplus.com/fs/2010modelfs.pdf
www.iasplus.com/fs/fs.htm
www.iasplus.com/fs/fs.htm#2011checklist
www.iasplus.com/iasplus/0811presentationdp.pdf
www.iasplus.com/ifac/ipsasb/ipsassummary.pdf
www.iasplus.com/ivsc/ivsc.htm
www.iasplus.com/uk/0912newreportingmodels.pdf
www.icaew.com/en/products/information-technology-publications/digital-reporting-options-for-europe
www.icaew.com/en/technical/information-technology/~/media/6A67108711334E1DA9F17FB0456F721C.ashx
www.icaew.com/en/technical/information-technology/xbrl-extensible-business-reporting-language
www.ifac.org
www.ifac.org/about-ifac/structure-governance
www.ifac.org/auditing-assurance
www.ifac.org/auditing-assurance/clarity-center/clarified-standards
www.ifac.org/publications-resources
www.ifac.org/publications-resources/leveraging-xbrl-value-organizations-0
www.ifac.org/public-sector
www.ifac.org/public-sector/projects/alignment-ipsass-and-public-sector-statistical-reporting-guidance
www.ifrs.com/publications.html
www.ifrs.org
www.ifrs.org/Archive/INSIGHT+journal/Q3+2007.htm
www.ifrs.org/Current+Projects/IASB+Projects/Conceptual+Framework/
www.ifrs.org/Current+Projects/IASB+Projects/Financial+Statement
www.ifrs.org/Current+Projects/IASB+Projects/Financial+Statement+Presentation/Phase+B/Staff+draft+of+proposed+standard.htm
www.ifrs.org/Current+Projects/IASB+Projects/IASB+Work+Plan.htm
www.ifrs.org/Current+Projects/IFRIC+Projects/IFRIC+Projects.htm

www.ifrs.org/DPOC/DPOC.htm
www.ifrs.org/How+we+develop+standards/Working+groups.htm
www.ifrs.org/IFRS+for+SMEs/IFRS+for+SMEs.htm
www.ifrs.org/ifrss
www.ifrs.org/NR/rdonlyres/E6CFBA23-71CF-410B-8C35-445BA17C2A6A/0/IFRSTaxonomy2011Guide20110325.pdf
www.ifrs.org/The+organisation/About+XBRL/About+XBRL.htm
www.ifrs.org/The+organisation/How+we+are+structured.htm
www.ifrs.org/The+organisation/Members+of+the+IASB/Members+of+the+IASB.htm
www.ifrs.org/The+organisation/Members+of+the+IFRIC/About+the+IFRIC.htm
www.ifrs.org/The+organisation/Trustees/Trustee+distribution.htm
www.ifrs.org/The+organisation/Trustees/Trustee+responsibilities/Trustee+responsibilities.htm
www.ifrs.org/The+organisation/Trustees/Trustees.htm
www.ifrs.org/Use+around+the+world/IFRS+translations/IFRS+translations.htm
www.ifrs.org/Use+around+the+world/IFRS+translations/Official+translation+process+and+policies.htm
www.ifrs.org/XBRL/IFRS+Taxonomy
www.ifrs.org/XBRL/IFRS+Taxonomy/IFRS+Taxonomy+2011/IFRS+Taxonomy+2011+files.htm
www.ifrs.org/XBRL/Resources/Glossary.htm
www.ifrs.org/XBRL/Resources/IFRS+Taxonomy+Guide.htm
www.ifrs.org/XBRL/Resources/Resources.htm
www.ifrs.org/XBRL/Taxonomy+translations.htm
www.ifrs.org/XBRL/XBRL.htm
www.ifrspublicationsonline.com
www.imes.boj.or.jp/iso/papers/11_4.pdf
www.integratedreporting.org
www.interactiveleader.com
www.iosco.org/monitoring_board/pdf/Monitoring_Board_Charter.pdf
www.ipsas.org
www.ipsas.org/en/ipsas_standards.htm
www.isaca.org/Knowledge-Center/Research/ResearchDeliverables/Pages/Leveraging-XBRL-for-Value-in-Organizations.aspx
www.iso.org
www.iso.org/iso/about/discover-iso_why-standards-matter.htm

www.iso.org/iso/ghg_climate-change.pdf
www.iso.org/iso/home/about/annual_reports.htm
www.iso.org/iso/iso_catalogue.htm
www.iso.org/iso/iso-focusplus_2011-03.htm
www.iso.org/iso/store.htm
www.ivsc.org
www.ivsc.org/boards/professional/index.html
www.ivsc.org/boards/standards/index.html
www.ivsc.org/news/nr/2012/nr120227.html
www.ivsc.org/plan/index.html
www.ivsc.org/standards/index.html
www.ivsc.org/pubs/index.html
www.journalofaccountancy.com/Issues/2007/Jun/RoiOnXbrl.htm
www.journalofaccountancy.com/issues/2008/feb/sixstepstoxbrl.htm
www.kpmg.com/global/en/issuesandinsights/articlespublications/corporate-responsibility/pages/2011-survey.aspx
www.kpmg.com/global/en/issuesandinsights/articlespublications/ifrs-disclosure-checklists/pages/ifrs-disclosure-checklist-2011.aspx
www.kpmg.com/global/en/issuesandinsights/articlespublications/ifrs-illustrative-financial-statements/pages/ifrs-illustrative-financial-statements-2011.aspx
www.kpmg.com/global/en/whatwedo/special-interests/xbrl/pages/default.aspx
www.kpmg.com/us/en/issuesandinsights/articlespublications/pages/disclosure-overload-complexity.aspx
www.lexisnexis.com
www.naturalvalueinitiative.org
www.nerc.com
www.oecd.org/dataoecd/58/19/23466327.pdf
www.omg.org
www.omg.org/cgi-bin/doc?finance/2008-12-2
www.one-report.com
www.onlineconversion.com
www.oracle.com/us/solutions/corporate-governance/ifrs/061806.html
www.oraclecfo.com/Main/Solutions/Solutions_w.html?mode=1&articleID=2263&categoryID=82#tab1
www.packagemapping.com
www.pwc.com/gx/en/ifrs-reporting/ifrs-illustrative-financial-statements-pwc-publications.jhtml
www.rosettanet.org

www.saica.co.za/TechnicalInformation/CorporateReporting/XBRL/tabid/645/language/en-ZA/Default.aspx
www.sbr-nl.nl
www.sdn.sap.com/irj/bpx/ifrs
www.sec.gov/news/digest/2010/dig122310.htm
www.sec.gov/rules/other/2010/ 33-9109.pdf
www.sec.gov/news/studies/2008/marktomarket123008.pdf
www.sec.gov/spotlight/globalaccountingstandards.shtml
www.sec.gov/spotlight/globalaccountingstandards/ifrs-work-plan-final-report.pdf
www.sec.gov/spotlight/xbrl/glossary.shtml
www.softwareag.com
www.standardsetter.de/drsc/docs/qb/2006_q1/a_q1_06_sonstiges_cfa_a_comprehense_business_reporting_model.pdf
www.standardsmap.org
www.teebweb.org
www.theiia.org/theiia/newsroom/news-releases/?i=10126
www.theiirc.org
www.theiirc.org/about
www.theiirc.org/wp-content/uploads/2011/09/IR-Discussion-Paper-2011_spreads.pdf
www.wici-global.com/taxonomies.php
www.worldwidetracking.ca
www.xbrl.org
www.xbrl.org/AboutXBRL
www.xbrl.org/accountants
www.xbrl.org/banks
www.xbrl.org/benefits-and-uses
www.xbrl.org/BestPractices
www.xbrl.org/corporate-reporting
www.xbrl.org/financial-data-providers
www.xbrl.org/investment-analysts
www.xbrl.org/regulators-and-government
www.xbrl.org/software-and-systems-providers
www.xbrl.org/stock-exchanges
www.xbrlsite.com/2012/Library/Theory-2012-02-11.pdf
www2.accaglobal.com/general/activities/research/reports/financial
www2.accaglobal.com/uk/members/technical/business/your_business/xbrl
www2.xbrl.org/in

REFERENCES

American Institute of CPAs (AICPA), 2011, *IFRS Compass: IT Systems Implications*, www.ifrs.com/publications.html

AICPA, 2011, *Accounting Trends & Techniques*, www.cpa2biz.com/AST/AICPA_CPA2BiZ_Nav/Top/Browse/Primary/Publications.jsp

Baumann, T. and Kollmuss, A., 2011, *GHG schemes addressing climate change – How ISO standards help*, International Organization for Standardization (ISO), January, www.iso.org/iso/ghg_climate-change.pdf

CFA Institute, 2006, *A Comprehensive Business Reporting Model: Financial Reporting for Investors, Codes,* Standards and Position Papers, www.standardsetter.de/drsc/docs/qb/2006_q1/a_q1_06_sonstiges_cfa_a_comprehense_business_reporting_model.pdf

Chartered Institute of Management Accountants 2009, *Complexity, Relevance and Clarity of Corporate Reporting, www.cimaglobal.com/Documents/ImportedDocuments/cid_techrep_complexity_relevance_and_clarity_of_corporate_reporting_feb09.pdf*

Daum, B. and Horak, C., 2000, *The XML Shockwave – What every CEO needs to know about the key technology for the new economy*, Software AG

Deloitte, 2011, *The IFRS Compliance, Presentation and Disclosure Checklist,* www.iasplus.com/fs/fs.htm#2011checklist

Deloitte, 2011, *International Financial Reporting Standards – Model financial statements 2011*, www.iasplus.com/fs/fs.htm

Eccles, R. and Krzus, M., 2010, *Integrated Reporting for a Sustainable Strategy*, presentation, Rotman School of Management, University of Toronto, 12 May

Eccles, R., Cheng, B. and Saltzman, D. (eds), 2010, *The Landscape of Integrated Reporting Reflections and Next Steps*, November, Harvard Business School, hbswk.hbs.edu/pdf/The_Landscape_of_Integrated_Reporting.pdf

Ernst & Young, 2012, *Good Group (International) Limited – Illustrative Interim Condensed Consolidated Financial Statements for the period ending June 30, 2012 – Based on International Financial Reporting Standards, www.ey.com/GL/en/Issues/IFRS/Publications*

Ernst & Young, 2012, *International GAAP Disclosure Checklist Based on International Financial Reporting Standards*, March, www.ey.com/Publication/vwLUAssets/Disclosure_checklist/$FILE/Disclosure_checklist.pdf

Financial Executives International, 2011, *SEC Reporting and the Impact of XBRL: 2011 Survey*, www.financialexecutives.org/ferf/download/2011 Final/2011-031.pdf

Financial Executives Research Foundation, Inc. (FERF), 2011, *Researching financial disclosure, as per Disclosure overload and complexity: hidden in plain sight*, with KPMG, November

Financial Reporting Council, 2011, *Cutting Clutter: Combating Clutter in Annual Reports*, April

Fujitsu, 2010, XBRL as a *Semantics over XML that Makes Relaxed Data Analysis*, presentation, www.imes.boj.or.jp/iso/papers/11_4.pdf

Global Accounting Alliance (GAA), 2008, *Getting to the Heart of the Issue: Can Financial Reporting Be Made Simpler and More Useful?*, www.globalaccountingalliance.com/GAA_heart_of_the_issue.pdf

Global Accounting Alliance (GAA), 2012, *Proposals to enhance the quality of international standard-setting*, discussion paper, February

Global Reporting Initiative (GRI), 2005, *GRI Boundary Protocol*, January

GRI, 2012, GRI *Taxonomy Implementation Guide 2012*, March

Hoffman, C. and van Egmond, R., 2012, *Financial Report Semantics and Dynamics Theory*, www.xbrlsite.com/2012/Library/Theory-2012-02-11.pdf

IFRS Foundation, 2011, *The IFRS Taxonomy Guide*, www.ifrs.org/NR/rdonlyres/E6CFBA23-71CF-410B-8C35-445BA17C2A6A/0/IFRSTaxonomy2011Guide20110325.pdf

IFRS Foundation, 2012, *International Financial Reporting Standards IFRS 2012*

IFRS Foundation, 2012, *Webcast: exposure draft IFRS Taxonomy 2012*, 2 February, presentation, www.ifrs.org/NR/rdonlyres/B1C761F1-F563-4ACB-84C9-C637D8BAEB67/0/IFRSTaxonomy2012EDwebcast-2Feb2012.pdf

Inside-ERP, undated, *Future Tech: Where Will ERP Be in 2 Years?,* white paper, www.pddnet.com/white-papers

Institute of Chartered Accountants in England and Wales (ICAEW), 2009, *Developments in New Reporting Models*, www.iasplus.com/uk/0912newreportingmodels.pdf

Institute of Chartered Accountants in England and Wales (ICAEW), 2010, *Implementing XBRL – A practical guide for accountants in business and practice*, in conjunction with Thomson Reuters, www.icaew.com/en/technical/information-technology/~/media/6A67108711334E1DA9F17FB0456F721C.ashx

International Accounting Standards Board (IASB), 2007, *Insight*, Q3, quarterly journal, www.ifrs.org/Archive/INSIGHT+journal/Q3+2007.htm

International Auditing and Assurance Standards Board (IAASB), 2010, XBRL: *The Emerging Landscape, January*, www.ifac.org/sites/default/files/publications/files/xbrl-the-emerging-landscape.pdf

International Federation of Accountants (IFAC), 2011, *Leveraging XBRL for Value in Organizations*, jointly with the Information Systems Audit and Control Association (ISACA), June, www.isaca.org/Knowledge-Center/Research/ResearchDeliverables/Pages/Leveraging-XBRL-for-Value-in-Organizations.aspx or via www.ifac.org/publications-resources/leveraging-xbrl-value-organizations-0

International Federation of Accountants (IFAC), 2011, Handbook of International Public Sector Accounting Pronouncements, April, www.ifac.org/publications-resources/2011-handbook-international-public-sector-accounting-pronouncements

International Integrated Reporting Council (IIRC), 2011, *Towards Integrated Reporting – Communicating Value in the 21st Century*, discussion paper, September, www.theiirc.org/about or at theiirc.org/wp-content/uploads/2011/09/IR-Discussion-Paper-2011_spreads.pdf

International Organization for Standardization (ISO), 2011, ISO *Focus*+, Vol. 2, No. 3, March

International Organization for Standardization (ISO), 2011, *GHG schemes addressing climate change – How ISO standards help,* www.iso.org/iso/ghg_climate-change.pdf

International Public Sector Accounting Standards Board (IPSASB), 2005, *International Public Sector Accounting Standards (IPSASs) and Statistical Bases of Financial Reporting: An Analysis of Differences and Recommendations for Convergence*, IPSASB, January, www.ifac.org/publications-resources/international-public-sector-accounting-standards-ipsass-and-statistical-bases

Kirsch, R., 2007, *The International Accounting Standards Committee: A Political History*, WoltersKluwer, February

KPMG, 2011, IFRS Disclosure checklist 2011, www.kpmg.com/global/en/issuesandinsights/articlespublications/ifrs-disclosure-checklists/pages/ifrs-disclosure-checklist-2011.aspx

KPMG, 2011, IFRS *Illustrative financial statements – September 2011*, www.kpmg.com/global/en/issuesandinsights/articlespublications/ifrs-illustrative-financial-statements/pages/ifrs-illustrative-financial-statements-2011.aspx

KPMG, 2011, *International Corporate Responsibility Reporting Survey 2011*

Locke, J., Lymer, A. and Lowe, A., 2010, *Digital Reporting Options for Europe*, Institute of Chartered Accountants in England and Wales (ICAEW), London

Lazarte, M., 2011, 'Building bridges – Aligning SR efforts for greater leverage', *ISO Focus+*, International Organization for Standardization, Vol. 2, No. 3, March, www.iso.org/iso/iso-focusplus_2011-03.htm

Organization for Economic Cooperation and Development (OECD), 2003, *Enhancing the Cost Effectiveness of Public Spending*, www.oecd.org/dataoecd/58/19/23466327.pdf

Perez, O., *Innovation and Disillusionment in E-Democracy Projects*: *AccountAbility's Second Wiki-Based Consultation Process*, discussion paper, Wiki Process, www.accountability.org/standards/aa1000ses/index.html

PricewaterhouseCoopers (PwC), 2011, IFRS *Illustrative consolidated financial statements*, www.pwc.com/gx/en/ifrs-reporting/ifrs-illustrative-financial-statements-pwc-publications.jhtml

PwC, 2011, IFRS disclosure *checklist* 2011, pwcinform.pwc.com/inform2/show?action=informContent&id=1147112611163808

Ramin, K., 2008, *XBRL and IFRS Joining Hands*, 6 March, AIPCA article, www.cpa2biz.com/Content/media/PRODUCER_CONTENT/Newsletters/Articles_2008/CorpFin/Hands.jsp

Ramin, K. and Reiman, C., 2011, 'Natural Capital: The Finance Sector & Financial Reporting – Catalysing Action?', in R. Schatz (ed.), *Trust Meltdown II*, Media Tenor International, Beirut, New York, London, launched at the World Economic Forum, Davos-Klosters, Switzerland, 25 January, pp. 17–26; reprinted in *The Malaysian Accountant*, journal of the Malaysian Institute of Certified Public Accountants, March – April 2011, pp. 10–15.

Reiman, C., 2010, 'Accounting for International Differences', Cost *Management* (formerly *The Journal of Cost Management*), Thomson Reuters, Boston, November/December, Vol. 24, Issue 6, pp. 5–18; reprinted in AIA International Accountant, Association of International Accountants, Digital Edition Issue 61, November 2011, pp. 14–21

Smith, G., 2007, Tagging: People-powered Metadata for the Social Web, New Riders

The Coca-Cola Company, 2011, *GRI Report – Coca Cola*, GRI report and a companion to the 2010/2011 Sustainability Report, 29 December , www.thecoca-colacompany.com/citizenship/gri_index.html

The Economics of Ecosystems and Biodiversity (TEEB), 2010, *TEEB For Business Report*, www.teebweb.org

Thomson Reuters, 2011, *GAAP Reporter on Checkpoint*, press release, July, thomsonreuters.com/content/press_room/tax/461863

United Nations, *Closing the Gap – Report on Addressing Information Gaps between Business and Macro Economic Accounts to Better Explain Macro*

Economic Performance, prepared by Dr Roland Burgman, United Nations Department of Economic and Social Affairs, July 2008, unstats.un.org/unsd/nationalaccount/workshops/2008/newyork/IG02-Report.PDF

United Nations Environment Programme, Deloitte and the Centre for Corporate Governance in Africa, 2012, *Making Investment Grade: The Future of Corporate Reporting – New Trends in capturing and communicating strategic value,* June, www.unep.fr/scp/publications/details.asp?id=WEB/0169/PA

United States Securities Exchange Commission, Report to Congress, www.sec.gov/news/studies/2008/marktomarket123008.pdf

University of Birmingham (ISARG) Workshop, 2011, *The future of XBRL in Europe: Impetus, institutions and interrelationships*, in conjunction with the IT Faculty of the Institute of Chartered Accountants in England and Wales (ICAEW), 25 January, www.birmingham.ac.uk/schools/business/departments/Accounting-Finance/research/isarg.aspx

US Securities and Exchange Commission (SEC), 2010, 'Senior Supervisors Group Issues Report on Risk Appetite Frameworks and IT Infrastructure', *SEC News Digest*, Issue 2010-242, December 23, www.sec.gov/news/digest/2010/dig122310.htm

US Securities and Exchange Commission (SEC), 2012, *Work Plan for the Consideration of Incorporating International Financial Reporting Standards into the Financial Reporting System for U.S. Issuers – Final Staff Report,* Office of the Chief Accountant, July 13, www.sec.gov/spotlight/globalaccounting-standards.shtml

World Justice Project, 2011, *Rule of Law Index 2011*, worldjusticeproject.org/rule-of-law-index

XBRL International, 2009, *Worldwide XBRL Projects Listing*, xbrlblog.com/world-wide-xbrl-projects-listing.html

APPENDIX A

IFRS example – for familiarisation

TO BECOME FAMILIAR WITH THE WAY that IFRS are presented, as well as to gain an appreciation of the actual format and content, note that this Appendix contains an entire standard.

International Financial Reporting Standard 1

First-time Adoption of International Financial Reporting Standards

This version was issued in November 2008. Its effective date is 1 July 2009. It includes amendments made by IFRSs issued up to 31 December 2010.

IFRS 1 *First-time Adoption of International Financial Reporting Standards* was issued by the International Accounting Standards Board in June 2003. It replaced SIC-8 *First-time Application of IASs as the Primary Basis of Accounting* (issued by the Standing Interpretations Committee in July 1998).

IFRS 1 and its accompanying documents were amended by the following IFRSs:

- IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (issued December 2003)
- IAS 16 *Property, Plant and Equipment* (as revised in December 2003)
- IAS 17 *Leases* (as revised in December 2003)
- IAS 21 *The Effects of Changes in Foreign Exchange Rates* (as revised in December 2003)
- IAS 39 *Financial Instruments: Recognition and Measurement* (as revised in December 2003)
- IFRS 2 *Share-based Payment* (issued February 2004)
- IFRS 3 *Business Combinations* (issued March 2004)
- IFRS 4 *Insurance Contracts* (issued March 2004)
- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* (issued March 2004)
- IFRIC 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* (issued May 2004)
- IFRIC 4 *Determining whether an Arrangement contains a Lease* (issued December 2004)
- IFRS 6 *Exploration for and Evaluation of Mineral Resources* (issued December 2004)
- *Actuarial Gains and Losses, Group Plans and Disclosures* (Amendment to IAS 19) (issued December 2004)
- Amendments to IAS 39:
    - *Transition and Initial Recognition of Financial Assets and Financial Liabilities* (issued December 2004)
    - *The Fair Value Option* (issued June 2005)
- Amendments to IFRS 1 and IFRS 6 (issued June 2005)
- IFRS 7 *Financial Instruments: Disclosures* (issued August 2005)
- IFRS 8 *Operating Segments* (issued November 2006)

IFRS 1

- IFRIC 12 *Service Concession Arrangements* (issued November 2006)
- IAS 23 *Borrowing Costs* (as revised in March 2007)[*]
- IAS 1 *Presentation of Financial Statements* (as revised in September 2007)[*]
- IFRS 3 *Business Combinations* (as revised in January 2008)[†]
- IAS 27 *Consolidated and Separate Financial Statements* (as amended in January 2008)[†]
- *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (Amendments to IFRS 1 and IAS 27) (issued May 2008)[*]
- *Improvements to IFRSs* (issued May 2008).[†]

In November 2008 the IASB issued a revised IFRS 1. In December 2008 the IASB deferred the effective date of the revised version from 1 January 2009 to 1 July 2009.

IFRS 1, as revised in November 2008, has been amended by the following documents:

- IFRIC 18 *Transfers of Assets from Customers* (issued January 2009)[†]
- *Additional Exemptions for First-time Adopters* (Amendments to IFRS 1) (issued July 2009)[§]
- IFRS 9 *Financial Instruments* (issued November 2009)[ø]
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (issued November 2009)[‡]
- *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* (Amendment to IFRS 1) (issued January 2010)[‡]
- *Improvements to IFRSs* (issued May 2010)[#]
- *Disclosures—Transfers of Financial Assets* (Amendments to IFRS 7) (issued October 2010)[**]
- IFRS 9 *Financial Instruments* (issued October 2010)[ø]
- *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (Amendments to IFRS 1) (issued December 2010).[**]

---

* effective date 1 January 2009

† effective date 1 July 2009

§ effective date 1 January 2010

ø effective date 1 January 2013 (earlier application permitted)

‡ effective date 1 July 2010

\# effective date 1 January 2011

** effective date 1 July 2011 (earlier application permitted)

CONTENTS

IFRS 1

FOR THE ACCOMPANYING DOCUMENTS LISTED BELOW, SEE PART B OF THIS EDITION

APPROVAL BY THE BOARD OF IFRS 1 ISSUED IN NOVEMBER 2008

APPROVAL BY THE BOARD OF AMENDMENTS TO IFRS 1:

Additional Exemptions for First-time Adopters
issued in July 2009

Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
issued in January 2010

Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
issued December 2010

BASIS FOR CONCLUSIONS

APPENDIX
Amendments to Basis for Conclusions on other IFRSs

IMPLEMENTATION GUIDANCE

TABLE OF CONCORDANCE

International Financial Reporting Standard 1 *First-time Adoption of International Financial Reporting Standards* (IFRS 1) is set out in paragraphs 1–40 and Appendices A–E. All the paragraphs have equal authority. Paragraphs in **bold type** state the main principles. Terms defined in Appendix A are in *italics* the first time they appear in the IFRS. Definitions of other terms are given in the Glossary for International Financial Reporting Standards. IFRS 1 should be read in the context of its objective and the Basis for Conclusions, the *Preface to International Financial Reporting Standards* and the *Conceptual Framework for Financial Reporting*. IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* provides a basis for selecting and applying accounting policies in the absence of explicit guidance

IFRS 1

Introduction

Reasons for issuing the IFRS

IN1 The International Accounting Standards Board issued IFRS 1 in June 2003. IFRS 1 replaced SIC-8 *First-time Application of IASs as the Primary Basis of Accounting*. The Board developed the IFRS to address concerns about the full retrospective application of IFRSs required by SIC-8.

IN2 Subsequently, IFRS 1 was amended many times to accommodate first-time adoption requirements resulting from new or amended IFRSs. As a result, the IFRS became more complex and less clear. In 2007, therefore, the Board proposed, as part of its annual improvements project, to change IFRS 1 to make it easier for the reader to understand and to design it to better accommodate future changes. The version of IFRS 1 issued in 2008 retains the substance of the previous version, but within a changed structure. It replaces the previous version and is effective for entities applying IFRSs for the first time for annual periods beginning on or after 1 July 2009. Earlier application is permitted.

Main features of the IFRS

IN3 The IFRS applies when an entity adopts IFRSs for the first time by an explicit and unreserved statement of compliance with IFRSs.

IN4 In general, the IFRS requires an entity to comply with each IFRS effective at the end of its first IFRS reporting period. In particular, the IFRS requires an entity to do the following in the opening IFRS statement of financial position that it prepares as a starting point for its accounting under IFRSs:

(a) recognise all assets and liabilities whose recognition is required by IFRSs;

(b) not recognise items as assets or liabilities if IFRSs do not permit such recognition;

(c) reclassify items that it recognised under previous GAAP as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity under IFRSs; and

(d) apply IFRSs in measuring all recognised assets and liabilities.

IN5 The IFRS grants limited exemptions from these requirements in specified areas where the cost of complying with them would be likely to exceed the benefits to users of financial statements. The IFRS also prohibits retrospective application of IFRSs in some areas, particularly where retrospective application would require judgements by management about past conditions after the outcome of a particular transaction is already known.

IN6 The IFRS requires disclosures that explain how the transition from previous GAAP to IFRSs affected the entity's reported financial position, financial performance and cash flows.

IN7 An entity is required to apply the IFRS if its first IFRS financial statements are for a period beginning on or after 1 July 2009. Earlier application is encouraged.

International Financial Reporting Standard 1
First-time Adoption of International Financial Reporting Standards

Objective

1 The objective of this IFRS is to ensure that an entity's *first IFRS financial statements*, and its interim financial reports for part of the period covered by those financial statements, contain high quality information that:

(a) is transparent for users and comparable over all periods presented;

(b) provides a suitable starting point for accounting in accordance with *International Financial Reporting Standards (IFRSs)*; and

(c) can be generated at a cost that does not exceed the benefits.

Scope

2 An entity shall apply this IFRS in:

(a) its first IFRS financial statements; and

(b) each interim financial report, if any, that it presents in accordance with IAS 34 *Interim Financial Reporting* for part of the period covered by its first IFRS financial statements.

3 An entity's first IFRS financial statements are the first annual financial statements in which the entity adopts IFRSs, by an explicit and unreserved statement in those financial statements of compliance with IFRSs. Financial statements in accordance with IFRSs are an entity's first IFRS financial statements if, for example, the entity:

(a) presented its most recent previous financial statements:

(i) in accordance with national requirements that are not consistent with IFRSs in all respects;

(ii) in conformity with IFRSs in all respects, except that the financial statements did not contain an explicit and unreserved statement that they complied with IFRSs;

(iii) containing an explicit statement of compliance with some, but not all, IFRSs;

(iv) in accordance with national requirements inconsistent with IFRSs, using some individual IFRSs to account for items for which national requirements did not exist; or

(v) in accordance with national requirements, with a reconciliation of some amounts to the amounts determined in accordance with IFRSs;

(b) prepared financial statements in accordance with IFRSs for internal use only, without making them available to the entity's owners or any other external users;

(c) prepared a reporting package in accordance with IFRSs for consolidation purposes without preparing a complete set of financial statements as defined in IAS 1 *Presentation of Financial Statements* (as revised in 2007); or

(d) did not present financial statements for previous periods.

4 This IFRS applies when an entity first adopts IFRSs. It does not apply when, for example, an entity:

(a) stops presenting financial statements in accordance with national requirements, having previously presented them as well as another set of financial statements that contained an explicit and unreserved statement of compliance with IFRSs;

(b) presented financial statements in the previous year in accordance with national requirements and those financial statements contained an explicit and unreserved statement of compliance with IFRSs; or

(c) presented financial statements in the previous year that contained an explicit and unreserved statement of compliance with IFRSs, even if the auditors qualified their audit report on those financial statements.

5 This IFRS does not apply to changes in accounting policies made by an entity that already applies IFRSs. Such changes are the subject of:

(a) requirements on changes in accounting policies in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*; and

(b) specific transitional requirements in other IFRSs.

Recognition and measurement

Opening IFRS statement of financial position

6 An entity shall prepare and present an *opening IFRS statement of financial position* at the *date of transition to IFRSs*. This is the starting point for its accounting in accordance with IFRSs.

Accounting policies

7 An entity shall use the same accounting policies in its opening IFRS statement of financial position and throughout all periods presented in its first IFRS financial statements. Those accounting policies shall comply with each IFRS effective at the end of its *first IFRS reporting period*, except as specified in paragraphs 13–19 and Appendices B–E.

8 An entity shall not apply different versions of IFRSs that were effective at earlier dates. An entity may apply a new IFRS that is not yet mandatory if that IFRS permits early application.

Example: Consistent application of latest version of IFRSs

Background

The end of entity A's first IFRS reporting period is 31 December 20X5. Entity A decides to present comparative information in those financial statements for one year only (see paragraph 21). Therefore, its date of transition to IFRSs is the beginning of business on 1 January 20X4 (or, equivalently, close of business on 31 December 20X3). Entity A presented financial statements in accordance with its *previous GAAP* annually to 31 December each year up to, and including, 31 December 20X4.

Application of requirements

Entity A is required to apply the IFRSs effective for periods ending on 31 December 20X5 in:

(a) preparing and presenting its opening IFRS statement of financial position at 1 January 20X4; and

(b) preparing and presenting its statement of financial position for 31 December 20X5 (including comparative amounts for 20X4), statement of comprehensive income, statement of changes in equity and statement of cash flows for the year to 31 December 20X5 (including comparative amounts for 20X4) and disclosures (including comparative information for 20X4).

If a new IFRS is not yet mandatory but permits early application, entity A is permitted, but not required, to apply that IFRS in its first IFRS financial statements.

9 The transitional provisions in other IFRSs apply to changes in accounting policies made by an entity that already uses IFRSs; they do not apply to a *first-time adopter*'s transition to IFRSs, except as specified in Appendices B–E.

10 Except as described in paragraphs 13–19 and Appendices B–E, an entity shall, in its opening IFRS statement of financial position:

(a) recognise all assets and liabilities whose recognition is required by IFRSs;

(b) not recognise items as assets or liabilities if IFRSs do not permit such recognition;

(c) reclassify items that it recognised in accordance with previous GAAP as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity in accordance with IFRSs; and

(d) apply IFRSs in measuring all recognised assets and liabilities.

11 The accounting policies that an entity uses in its opening IFRS statement of financial position may differ from those that it used for the same date using its previous GAAP. The resulting adjustments arise from events and transactions before the date of transition to IFRSs. Therefore, an entity shall recognise those adjustments directly in retained earnings (or, if appropriate, another category of equity) at the date of transition to IFRSs.

12 This IFRS establishes two categories of exceptions to the principle that an entity's opening IFRS statement of financial position shall comply with each IFRS:

(a) paragraphs 14–17 and Appendix B prohibit retrospective application of some aspects of other IFRSs.

(b) Appendices C–E grant exemptions from some requirements of other IFRSs.

Exceptions to the retrospective application of other IFRSs

13 This IFRS prohibits retrospective application of some aspects of other IFRSs. These exceptions are set out in paragraphs 14–17 and Appendix B.

Estimates

14 An entity's estimates in accordance with IFRSs at the date of transition to IFRSs shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

15 An entity may receive information after the date of transition to IFRSs about estimates that it had made under previous GAAP. In accordance with paragraph 14, an entity shall treat the receipt of that information in the same way as non-adjusting events after the reporting period in accordance with IAS 10 *Events after the Reporting Period*. For example, assume that an entity's date of transition to IFRSs is 1 January 20X4 and new information on 15 July 20X4 requires the revision of an estimate made in accordance with previous GAAP at 31 December 20X3. The entity shall not reflect that new information in its opening IFRS statement of financial position (unless the estimates need adjustment for any differences in accounting policies or there is objective evidence that the estimates were in error). Instead, the entity shall reflect that new information in profit or loss (or, if appropriate, other comprehensive income) for the year ended 31 December 20X4.

16 An entity may need to make estimates in accordance with IFRSs at the date of transition to IFRSs that were not required at that date under previous GAAP. To achieve consistency with IAS 10, those estimates in accordance with IFRSs shall reflect conditions that existed at the date of transition to IFRSs. In particular, estimates at the date of transition to IFRSs of market prices, interest rates or foreign exchange rates shall reflect market conditions at that date.

17 Paragraphs 14–16 apply to the opening IFRS statement of financial position. They also apply to a comparative period presented in an entity's first IFRS financial statements, in which case the references to the date of transition to IFRSs are replaced by references to the end of that comparative period.

Exemptions from other IFRSs

18 An entity may elect to use one or more of the exemptions contained in Appendices C–E. An entity shall not apply these exemptions by analogy to other items.

19 Some exemptions in Appendices C–E refer to *fair value*. In determining fair values in accordance with this IFRS, an entity shall apply the definition of fair value in Appendix A and any more specific guidance in other IFRSs on the determination of fair values for the asset or liability in question. Those fair values shall reflect conditions that existed at the date for which they were determined.

Presentation and disclosure

20 This IFRS does not provide exemptions from the presentation and disclosure requirements in other IFRSs.

Comparative information

21 To comply with IAS 1, an entity's first IFRS financial statements shall include at least three statements of financial position, two statements of comprehensive income, two separate income statements (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information.

Non-IFRS comparative information and historical summaries

22 Some entities present historical summaries of selected data for periods before the first period for which they present full comparative information in accordance with IFRSs. This IFRS does not require such summaries to comply with the recognition and measurement requirements of IFRSs. Furthermore, some entities present comparative information in accordance with previous GAAP as well as the comparative information required by IAS 1. In any financial statements containing historical summaries or comparative information in accordance with previous GAAP, an entity shall:

(a) label the previous GAAP information prominently as not being prepared in accordance with IFRSs; and

(b) disclose the nature of the main adjustments that would make it comply with IFRSs. An entity need not quantify those adjustments.

Explanation of transition to IFRSs

23 An entity shall explain how the transition from previous GAAP to IFRSs affected its reported financial position, financial performance and cash flows.

Reconciliations

24 To comply with paragraph 23, an entity's first IFRS financial statements shall include:

(a) reconciliations of its equity reported in accordance with previous GAAP to its equity in accordance with IFRSs for both of the following dates:

  (i) the date of transition to IFRSs; and

  (ii) the end of the latest period presented in the entity's most recent annual financial statements in accordance with previous GAAP.

(b) a reconciliation to its total comprehensive income in accordance with IFRSs for the latest period in the entity's most recent annual financial statements. The starting point for that reconciliation shall be total comprehensive income in accordance with previous GAAP for the same period or, if an entity did not report such a total, profit or loss under previous GAAP.

(c) if the entity recognised or reversed any impairment losses for the first time in preparing its opening IFRS statement of financial position, the disclosures that IAS 36 *Impairment of Assets* would have required if the entity had recognised those impairment losses or reversals in the period beginning with the date of transition to IFRSs.

25 The reconciliations required by paragraph 24(a) and (b) shall give sufficient detail to enable users to understand the material adjustments to the statement of financial position and statement of comprehensive income. If an entity presented a statement of cash flows under its previous GAAP, it shall also explain the material adjustments to the statement of cash flows.

26 If an entity becomes aware of errors made under previous GAAP, the reconciliations required by paragraph 24(a) and (b) shall distinguish the correction of those errors from changes in accounting policies.

27 IAS 8 does not apply to the changes in accounting policies an entity makes when it adopts IFRSs or to changes in those policies until after it presents its first IFRS financial statements. Therefore, IAS 8's requirements about changes in accounting policies do not apply in an entity's first IFRS financial statements.

27A If during the period covered by its first IFRS financial statements an entity changes its accounting policies or its use of the exemptions contained in this IFRS, it shall explain the changes between its first IFRS interim financial report and its first IFRS financial statements, in accordance with paragraph 23, and it shall update the reconciliations required by paragraph 24(a) and (b).

28 If an entity did not present financial statements for previous periods, its first IFRS financial statements shall disclose that fact.

Designation of financial assets or financial liabilities

29 An entity is permitted to designate a previously recognised financial asset as a financial asset measured at fair value through profit or loss in accordance with paragraph D19A. The entity shall disclose the fair value of financial assets so designated at the date of designation and their classification and carrying amount in the previous financial statements.

29A An entity is permitted to designate a previously recognised financial liability as a financial liability at fair value through profit or loss in accordance with paragraph D19. The entity shall disclose the fair value of financial liabilities so designated at the date of designation and their classification and carrying amount in the previous financial statements.

Use of fair value as deemed cost

30 If an entity uses fair value in its opening IFRS statement of financial position as *deemed cost* for an item of property, plant and equipment, an investment property

or an intangible asset (see paragraphs D5 and D7), the entity's first IFRS financial statements shall disclose, for each line item in the opening IFRS statement of financial position:

(a) the aggregate of those fair values; and

(b) the aggregate adjustment to the carrying amounts reported under previous GAAP.

Use of deemed cost for investments in subsidiaries, jointly controlled entities and associates

31 Similarly, if an entity uses a deemed cost in its opening IFRS statement of financial position for an investment in a subsidiary, jointly controlled entity or associate in its separate financial statements (see paragraph D15), the entity's first IFRS separate financial statements shall disclose:

(a) the aggregate deemed cost of those investments for which deemed cost is their previous GAAP carrying amount;

(b) the aggregate deemed cost of those investments for which deemed cost is fair value; and

(c) the aggregate adjustment to the carrying amounts reported under previous GAAP.

Use of deemed cost for oil and gas assets

31A If an entity uses the exemption in paragraph D8A(b) for oil and gas assets, it shall disclose that fact and the basis on which carrying amounts determined under previous GAAP were allocated.

Use of deemed cost for operations subject to rate regulation

31B If an entity uses the exemption in paragraph D8B for operations subject to rate regulation, it shall disclose that fact and the basis on which carrying amounts were determined under previous GAAP.

Use of deemed cost after severe hyperinflation

31C If an entity elects to measure assets and liabilities at fair value and to use that fair value as the deemed cost in its opening IFRS statement of financial position because of severe hyperinflation (see paragraphs D26–D30), the entity's first IFRS financial statements shall disclose an explanation of how, and why, the entity had, and then ceased to have, a functional currency that has both of the following characteristics:

(a) a reliable general price index is not available to all entities with transactions and balances in the currency.

(b) exchangeability between the currency and a relatively stable foreign currency does not exist.

Interim financial reports

32 To comply with paragraph 23, if an entity presents an interim financial report in accordance with IAS 34 for part of the period covered by its first IFRS financial

statements, the entity shall satisfy the following requirements in addition to the requirements of IAS 34:

(a) Each such interim financial report shall, if the entity presented an interim financial report for the comparable interim period of the immediately preceding financial year, include:

(i) a reconciliation of its equity in accordance with previous GAAP at the end of that comparable interim period to its equity under IFRSs at that date; and

(ii) a reconciliation to its total comprehensive income in accordance with IFRSs for that comparable interim period (current and year to date). The starting point for that reconciliation shall be total comprehensive income in accordance with previous GAAP for that period or, if an entity did not report such a total, profit or loss in accordance with previous GAAP.

(b) In addition to the reconciliations required by (a), an entity's first interim financial report in accordance with IAS 34 for part of the period covered by its first IFRS financial statements shall include the reconciliations described in paragraph 24(a) and (b) (supplemented by the details required by paragraphs 25 and 26) or a cross-reference to another published document that includes these reconciliations.

(c) If an entity changes its accounting policies or its use of the exemptions contained in this IFRS, it shall explain the changes in each such interim financial report in accordance with paragraph 23 and update the reconciliations required by (a) and (b).

33 IAS 34 requires minimum disclosures, which are based on the assumption that users of the interim financial report also have access to the most recent annual financial statements. However, IAS 34 also requires an entity to disclose 'any events or transactions that are material to an understanding of the current interim period'. Therefore, if a first-time adopter did not, in its most recent annual financial statements in accordance with previous GAAP, disclose information material to an understanding of the current interim period, its interim financial report shall disclose that information or include a cross-reference to another published document that includes it.

Effective date

34 An entity shall apply this IFRS if its first IFRS financial statements are for a period beginning on or after 1 July 2009. Earlier application is permitted.

35 An entity shall apply the amendments in paragraphs D1(n) and D23 for annual periods beginning on or after 1 July 2009. If an entity applies IAS 23 *Borrowing Costs* (as revised in 2007) for an earlier period, those amendments shall be applied for that earlier period.

36 IFRS 3 *Business Combinations* (as revised in 2008) amended paragraphs 19, C1 and C4(f) and (g). If an entity applies IFRS 3 (revised 2008) for an earlier period, the amendments shall also be applied for that earlier period.

37 IAS 27 *Consolidated and Separate Financial Statements* (as amended in 2008) amended paragraphs B1 and B7. If an entity applies IAS 27 (amended 2008) for an earlier period, the amendments shall be applied for that earlier period.

38 *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (Amendments to IFRS 1 and IAS 27), issued in May 2008, added paragraphs 31, D1(g), D14 and D15. An entity shall apply those paragraphs for annual periods beginning on or after 1 July 2009. Earlier application is permitted. If an entity applies the paragraphs for an earlier period, it shall disclose that fact.

39 Paragraph B7 was amended by *Improvements to IFRSs* issued in May 2008. An entity shall apply those amendments for annual periods beginning on or after 1 July 2009. If an entity applies IAS 27 (amended 2008) for an earlier period, the amendments shall be applied for that earlier period.

39A *Additional Exemptions for First-time Adopters* (Amendments to IFRS 1), issued in July 2009, added paragraphs 31A, D8A, D9A and D21A and amended paragraph D1(c), (d) and (l). An entity shall apply those amendments for annual periods beginning on or after 1 January 2010. Earlier application is permitted. If an entity applies the amendments for an earlier period it shall disclose that fact.

39B [Deleted]

39C IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* added paragraph D25. An entity shall apply that amendment when it applies IFRIC 19.

39D *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* (Amendment to IFRS 1), issued in January 2010, added paragraph E3. An entity shall apply that amendment for annual periods beginning on or after 1 July 2010. Earlier application is permitted. If an entity applies the amendment for an earlier period, it shall disclose that fact.

39E *Improvements to IFRSs* issued in May 2010 added paragraphs 27A, 31B and D8B and amended paragraphs 27, 32, D1(c) and D8. An entity shall apply those amendments for annual periods beginning on or after 1 January 2011. Earlier application is permitted. If an entity applies the amendments for an earlier period it shall disclose that fact. Entities that adopted IFRSs in periods before the effective date of IFRS 1 or applied IFRS 1 in a previous period are permitted to apply the amendment to paragraph D8 retrospectively in the first annual period after the amendment is effective. An entity applying paragraph D8 retrospectively shall disclose that fact.

39F *Disclosures—Transfers of Financial Assets* (Amendments to IFRS 7), issued in October 2010, added paragraph E4. An entity shall apply that amendment for annual periods beginning on or after 1 July 2011. Earlier application is permitted. If an entity applies the amendment for an earlier period, it shall disclose that fact.

39G IFRS 9 *Financial Instruments*, issued in October 2010, amended paragraphs 29, B1–B5, D1(j), D14, D15, D19 and D20, added paragraphs 29A, B8, B9, D19A–D19D, E1 and E2 and deleted paragraph 39B. An entity shall apply those amendments when it applies IFRS 9 as issued in October 2010.

39H *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (Amendments to IFRS 1), issued in December 2010, amended paragraphs B2, D1 and D20 and added paragraphs 31C and D26–D30. An entity shall apply those amendments for annual periods beginning on or after 1 July 2011. Earlier application is permitted.

Withdrawal of IFRS 1 (issued 2003)

40 This IFRS supersedes IFRS 1 (issued in 2003 and amended at May 2008).

Appendix A
Defined terms

This appendix is an integral part of the IFRS.

date of transition to IFRSs	The beginning of the earliest period for which an entity presents full comparative information under IFRSs in its **first IFRS financial statements**.
deemed cost	An amount used as a surrogate for cost or depreciated cost at a given date. Subsequent depreciation or amortisation assumes that the entity had initially recognised the asset or liability at the given date and that its cost was equal to the deemed cost.
fair value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
first IFRS financial statements	The first annual financial statements in which an entity adopts **International Financial Reporting Standards (IFRSs)**, by an explicit and unreserved statement of compliance with IFRSs.
first IFRS reporting period	The latest reporting period covered by an entity's **first IFRS financial statements**.
first-time adopter	An entity that presents its **first IFRS financial statements**.
International Financial Reporting Standards (IFRSs)	Standards and Interpretations adopted by the International Accounting Standards Board (IASB). They comprise: (a) International Financial Reporting Standards; (b) International Accounting Standards; (c) IFRIC Interpretations; and (d) SIC Interpretations.*
opening IFRS statement of financial position	An entity's statement of financial position at the **date of transition to IFRSs**.
previous GAAP	The basis of accounting that a **first-time adopter** used immediately before adopting IFRSs.

* Definition of IFRSs amended after the name changes introduced by the revised Constitution of the IFRS Foundation in 2010.

Appendix B
Exceptions to the retrospective application of other IFRSs

This appendix is an integral part of the IFRS.

B1 An entity shall apply the following exceptions:

(a) derecognition of financial assets and financial liabilities (paragraphs B2 and B3);

(b) hedge accounting (paragraphs B4–B6);

(c) non-controlling interests (paragraph B7);

(d) classification and measurement of financial assets (paragraph B8); and

(e) embedded derivatives (paragraph B9).

Derecognition of financial assets and financial liabilities

B2 Except as permitted by paragraph B3, a first-time adopter shall apply the derecognition requirements in IFRS 9 prospectively for transactions occurring on or after the date of transition to IFRSs. For example, if a first-time adopter derecognised non-derivative financial assets or non-derivative financial liabilities in accordance with its previous GAAP as a result of a transaction that occurred before the date of transition to IFRSs, it shall not recognise those assets and liabilities in accordance with IFRSs (unless they qualify for recognition as a result of a later transaction or event).

B3 Despite paragraph B2, an entity may apply the derecognition requirements in IFRS 9 retrospectively from a date of the entity's choosing, provided that the information needed to apply IFRS 9 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

Hedge accounting

B4 As required by IFRS 9, at the date of transition to IFRSs, an entity shall:

(a) measure all derivatives at fair value; and

(b) eliminate all deferred losses and gains arising on derivatives that were reported in accordance with previous GAAP as if they were assets or liabilities.

B5 An entity shall not reflect in its opening IFRS statement of financial position a hedging relationship of a type that does not qualify for hedge accounting in accordance with IAS 39 (for example, many hedging relationships where the hedging instrument is a cash instrument or written option; or where the hedged item is a net position). However, if an entity designated a net position as a hedged item in accordance with previous GAAP, it may designate an individual item within that net position as a hedged item in accordance with IFRSs, provided that it does so no later than the date of transition to IFRSs.

B6 If, before the date of transition to IFRSs, an entity had designated a transaction as a hedge but the hedge does not meet the conditions for hedge accounting in IAS 39, the entity shall apply paragraphs 91 and 101 of IAS 39 to discontinue hedge accounting. Transactions entered into before the date of transition to IFRSs shall not be retrospectively designated as hedges.

Non-controlling interests

B7 A first-time adopter shall apply the following requirements of IAS 27 (as amended in 2008) prospectively from the date of transition to IFRSs:

(a) the requirement in paragraph 28 that total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance;

(b) the requirements in paragraphs 30 and 31 for accounting for changes in the parent's ownership interest in a subsidiary that do not result in a loss of control; and

(c) the requirements in paragraphs 34–37 for accounting for a loss of control over a subsidiary, and the related requirements of paragraph 8A of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

However, if a first-time adopter elects to apply IFRS 3 (as revised in 2008) retrospectively to past business combinations, it shall also apply IAS 27 (as amended in 2008) in accordance with paragraph C1 of this IFRS.

Classification and measurement of financial assets

B8 An entity shall assess whether a financial asset meets the conditions in paragraph 4.1.2 of IFRS 9 on the basis of the facts and circumstances that exist at the date of transition to IFRSs.

Embedded derivatives

B9 A first-time adopter shall assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date a reassessment is required by paragraph B4.3.11 of IFRS 9.

Appendix C
Exemptions for business combinations

This appendix is an integral part of the IFRS. An entity shall apply the following requirements to business combinations that the entity recognised before the date of transition to IFRSs.

C1 A first-time adopter may elect not to apply IFRS 3 (as revised in 2008) retrospectively to past business combinations (business combinations that occurred before the date of transition to IFRSs). However, if a first-time adopter restates any business combination to comply with IFRS 3 (as revised in 2008), it shall restate all later business combinations and shall also apply IAS 27 (as amended in 2008) from that same date. For example, if a first-time adopter elects to restate a business combination that occurred on 30 June 20X6, it shall restate all business combinations that occurred between 30 June 20X6 and the date of transition to IFRSs, and it shall also apply IAS 27 (amended 2008) from 30 June 20X6.

C2 An entity need not apply IAS 21 *The Effects of Changes in Foreign Exchange Rates* retrospectively to fair value adjustments and goodwill arising in business combinations that occurred before the date of transition to IFRSs. If the entity does not apply IAS 21 retrospectively to those fair value adjustments and goodwill, it shall treat them as assets and liabilities of the entity rather than as assets and liabilities of the acquiree. Therefore, those goodwill and fair value adjustments either are already expressed in the entity's functional currency or are non-monetary foreign currency items, which are reported using the exchange rate applied in accordance with previous GAAP.

C3 An entity may apply IAS 21 retrospectively to fair value adjustments and goodwill arising in either:

(a) all business combinations that occurred before the date of transition to IFRSs; or

(b) all business combinations that the entity elects to restate to comply with IFRS 3, as permitted by paragraph C1 above.

C4 If a first-time adopter does not apply IFRS 3 retrospectively to a past business combination, this has the following consequences for that business combination:

(a) The first-time adopter shall keep the same classification (as an acquisition by the legal acquirer, a reverse acquisition by the legal acquiree, or a uniting of interests) as in its previous GAAP financial statements.

(b) The first-time adopter shall recognise all its assets and liabilities at the date of transition to IFRSs that were acquired or assumed in a past business combination, other than:

(i) some financial assets and financial liabilities derecognised in accordance with previous GAAP (see paragraph B2); and

(ii) assets, including goodwill, and liabilities that were not recognised in the acquirer's consolidated statement of financial position in accordance with previous GAAP and also would not qualify for recognition in accordance with IFRSs in the separate statement of financial position of the acquiree (see (f)–(i) below).

The first-time adopter shall recognise any resulting change by adjusting retained earnings (or, if appropriate, another category of equity), unless the change results from the recognition of an intangible asset that was previously subsumed within goodwill (see (g)(i) below).

(c) The first-time adopter shall exclude from its opening IFRS statement of financial position any item recognised in accordance with previous GAAP that does not qualify for recognition as an asset or liability under IFRSs. The first-time adopter shall account for the resulting change as follows:

(i) the first-time adopter may have classified a past business combination as an acquisition and recognised as an intangible asset an item that does not qualify for recognition as an asset in accordance with IAS 38 *Intangible Assets*. It shall reclassify that item (and, if any, the related deferred tax and non-controlling interests) as part of goodwill (unless it deducted goodwill directly from equity in accordance with previous GAAP, see (g)(i) and (i) below).

(ii) the first-time adopter shall recognise all other resulting changes in retained earnings.*

(d) IFRSs require subsequent measurement of some assets and liabilities on a basis that is not based on original cost, such as fair value. The first-time adopter shall measure these assets and liabilities on that basis in its opening IFRS statement of financial position, even if they were acquired or assumed in a past business combination. It shall recognise any resulting change in the carrying amount by adjusting retained earnings (or, if appropriate, another category of equity), rather than goodwill.

(e) Immediately after the business combination, the carrying amount in accordance with previous GAAP of assets acquired and liabilities assumed in that business combination shall be their deemed cost in accordance with IFRSs at that date. If IFRSs require a cost-based measurement of those assets and liabilities at a later date, that deemed cost shall be the basis for cost-based depreciation or amortisation from the date of the business combination.

(f) If an asset acquired, or liability assumed, in a past business combination was not recognised in accordance with previous GAAP, it does not have a deemed cost of zero in the opening IFRS statement of financial position. Instead, the acquirer shall recognise and measure it in its consolidated statement of financial position on the basis that IFRSs would require in the statement of financial position of the acquiree. To illustrate: if the acquirer had not, in accordance with its previous GAAP, capitalised finance leases acquired in a past business combination, it shall capitalise those leases in its consolidated financial statements, as IAS 17 *Leases* would require the

* Such changes include reclassifications from or to intangible assets if goodwill was not recognised in accordance with previous GAAP as an asset. This arises if, in accordance with previous GAAP, the entity (a) deducted goodwill directly from equity or (b) did not treat the business combination as an acquisition.

acquiree to do in its IFRS statement of financial position. Similarly, if the acquirer had not, in accordance with its previous GAAP, recognised a contingent liability that still exists at the date of transition to IFRSs, the acquirer shall recognise that contingent liability at that date unless IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* would prohibit its recognition in the financial statements of the acquiree. Conversely, if an asset or liability was subsumed in goodwill in accordance with previous GAAP but would have been recognised separately under IFRS 3, that asset or liability remains in goodwill unless IFRSs would require its recognition in the financial statements of the acquiree.

(g) The carrying amount of goodwill in the opening IFRS statement of financial position shall be its carrying amount in accordance with previous GAAP at the date of transition to IFRSs, after the following two adjustments:

   (i) If required by (c)(i) above, the first-time adopter shall increase the carrying amount of goodwill when it reclassifies an item that it recognised as an intangible asset in accordance with previous GAAP. Similarly, if (f) above requires the first-time adopter to recognise an intangible asset that was subsumed in recognised goodwill in accordance with previous GAAP, the first-time adopter shall decrease the carrying amount of goodwill accordingly (and, if applicable, adjust deferred tax and non-controlling interests).

   (ii) Regardless of whether there is any indication that the goodwill may be impaired, the first-time adopter shall apply IAS 36 in testing the goodwill for impairment at the date of transition to IFRSs and in recognising any resulting impairment loss in retained earnings (or, if so required by IAS 36, in revaluation surplus). The impairment test shall be based on conditions at the date of transition to IFRSs.

(h) No other adjustments shall be made to the carrying amount of goodwill at the date of transition to IFRSs. For example, the first-time adopter shall not restate the carrying amount of goodwill:

   (i) to exclude in-process research and development acquired in that business combination (unless the related intangible asset would qualify for recognition in accordance with IAS 38 in the statement of financial position of the acquiree);

   (ii) to adjust previous amortisation of goodwill;

   (iii) to reverse adjustments to goodwill that IFRS 3 would not permit, but were made in accordance with previous GAAP because of adjustments to assets and liabilities between the date of the business combination and the date of transition to IFRSs.

(i) If the first-time adopter recognised goodwill in accordance with previous GAAP as a deduction from equity:

   (i) it shall not recognise that goodwill in its opening IFRS statement of financial position. Furthermore, it shall not reclassify that goodwill to profit or loss if it disposes of the subsidiary or if the investment in the subsidiary becomes impaired.

(ii) adjustments resulting from the subsequent resolution of a contingency affecting the purchase consideration shall be recognised in retained earnings.

(j) In accordance with its previous GAAP, the first-time adopter may not have consolidated a subsidiary acquired in a past business combination (for example, because the parent did not regard it as a subsidiary in accordance with previous GAAP or did not prepare consolidated financial statements). The first-time adopter shall adjust the carrying amounts of the subsidiary's assets and liabilities to the amounts that IFRSs would require in the subsidiary's statement of financial position. The deemed cost of goodwill equals the difference at the date of transition to IFRSs between:

(i) the parent's interest in those adjusted carrying amounts; and

(ii) the cost in the parent's separate financial statements of its investment in the subsidiary.

(k) The measurement of non-controlling interests and deferred tax follows from the measurement of other assets and liabilities. Therefore, the above adjustments to recognised assets and liabilities affect non-controlling interests and deferred tax.

C5 The exemption for past business combinations also applies to past acquisitions of investments in associates and of interests in joint ventures. Furthermore, the date selected for paragraph C1 applies equally for all such acquisitions.

Appendix D
Exemptions from other IFRSs

This appendix is an integral part of the IFRS.

D1 An entity may elect to use one or more of the following exemptions:

(a) share-based payment transactions (paragraphs D2 and D3);

(b) insurance contracts (paragraph D4);

(c) deemed cost (paragraphs D5–D8B);

(d) leases (paragraphs D9 and D9A);

(e) employee benefits (paragraphs D10 and D11);

(f) cumulative translation differences (paragraphs D12 and D13);

(g) investments in subsidiaries, jointly controlled entities and associates (paragraphs D14 and D15);

(h) assets and liabilities of subsidiaries, associates and joint ventures (paragraphs D16 and D17);

(i) compound financial instruments (paragraph D18);

(j) designation of previously recognised financial instruments (paragraphs D19–D19D);

(k) fair value measurement of financial assets or financial liabilities at initial recognition (paragraph D20);

(l) decommissioning liabilities included in the cost of property, plant and equipment (paragraphs D21 and D21A);

(m) financial assets or intangible assets accounted for in accordance with IFRIC 12 *Service Concession Arrangements* (paragraph D22);

(n) borrowing costs (paragraph D23);

(o) transfers of assets from customers (paragraph D24);

(p) extinguishing financial liabilities with equity instruments (paragraph D25); and

(q) severe hyperinflation (paragraphs D26–D30).

An entity shall not apply these exemptions by analogy to other items.

Share-based payment transactions

D2 A first-time adopter is encouraged, but not required, to apply IFRS 2 *Share-based Payment* to equity instruments that were granted on or before 7 November 2002. A first-time adopter is also encouraged, but not required, to apply IFRS 2 to equity instruments that were granted after 7 November 2002 and vested before the later of (a) the date of transition to IFRSs and (b) 1 January 2005. However, if a first-time adopter elects to apply IFRS 2 to such equity instruments, it may do so only if the entity has disclosed publicly the fair value of those equity instruments, determined at the measurement date, as defined in IFRS 2. For all grants of equity instruments to which IFRS 2 has not been applied (eg equity instruments granted on or before 7 November 2002), a first-time adopter shall nevertheless disclose the information required by paragraphs 44 and 45 of IFRS 2. If a first-time adopter modifies the terms or conditions of a grant of equity instruments to which IFRS 2 has not been applied, the entity is not required to apply paragraphs 26–29 of IFRS 2 if the modification occurred before the date of transition to IFRSs.

D3 A first-time adopter is encouraged, but not required, to apply IFRS 2 to liabilities arising from share-based payment transactions that were settled before the date of transition to IFRSs. A first-time adopter is also encouraged, but not required, to apply IFRS 2 to liabilities that were settled before 1 January 2005. For liabilities to which IFRS 2 is applied, a first-time adopter is not required to restate comparative information to the extent that the information relates to a period or date that is earlier than 7 November 2002.

Insurance contracts

D4 A first-time adopter may apply the transitional provisions in IFRS 4 *Insurance Contracts*. IFRS 4 restricts changes in accounting policies for insurance contracts, including changes made by a first-time adopter.

Deemed cost

D5 An entity may elect to measure an item of property, plant and equipment at the date of transition to IFRSs at its fair value and use that fair value as its deemed cost at that date.

D6 A first-time adopter may elect to use a previous GAAP revaluation of an item of property, plant and equipment at, or before, the date of transition to IFRSs as deemed cost at the date of the revaluation, if the revaluation was, at the date of the revaluation, broadly comparable to:

(a) fair value; or

(b) cost or depreciated cost in accordance with IFRSs, adjusted to reflect, for example, changes in a general or specific price index.

D7 The elections in paragraphs D5 and D6 are also available for:

(a) investment property, if an entity elects to use the cost model in IAS 40 *Investment Property*; and

(b) intangible assets that meet:

(i) the recognition criteria in IAS 38 (including reliable measurement of original cost); and

(ii) the criteria in IAS 38 for revaluation (including the existence of an active market).

An entity shall not use these elections for other assets or for liabilities.

D8 A first-time adopter may have established a deemed cost in accordance with previous GAAP for some or all of its assets and liabilities by measuring them at their fair value at one particular date because of an event such as a privatisation or initial public offering.

(a) If the measurement date is *at or before* the date of transition to IFRSs, the entity may use such event-driven fair value measurements as deemed cost for IFRSs at the date of that measurement.

(b) If the measurement date is *after* the date of transition to IFRSs, but during the period covered by the first IFRS financial statements, the event-driven fair value measurements may be used as deemed cost when the event occurs. An entity shall recognise the resulting adjustments directly in retained earnings (or if appropriate, another category of equity) at the measurement date. At the date of transition to IFRSs, the entity shall either establish the deemed cost by applying the criteria in paragraphs D5–D7 or measure assets and liabilities in accordance with the other requirements in this IFRS.

D8A Under some national accounting requirements exploration and development costs for oil and gas properties in the development or production phases are accounted for in cost centres that include all properties in a large geographical area. A first-time adopter using such accounting under previous GAAP may elect to measure oil and gas assets at the date of transition to IFRSs on the following basis:

(a) exploration and evaluation assets at the amount determined under the entity's previous GAAP; and

(b) assets in the development or production phases at the amount determined for the cost centre under the entity's previous GAAP. The entity shall allocate this amount to the cost centre's underlying assets pro rata using reserve volumes or reserve values as of that date.

The entity shall test exploration and evaluation assets and assets in the development and production phases for impairment at the date of transition to IFRSs in accordance with IFRS 6 *Exploration for and Evaluation of Mineral Resources* or IAS 36 respectively and, if necessary, reduce the amount determined in accordance with (a) or (b) above. For the purposes of this paragraph, oil and gas assets comprise only those assets used in the exploration, evaluation, development or production of oil and gas.

D8B Some entities hold items of property, plant and equipment or intangible assets that are used, or were previously used, in operations subject to rate regulation. The carrying amount of such items might include amounts that were determined under previous GAAP but do not qualify for capitalisation in accordance with IFRSs. If this is the case, a first-time adopter may elect to use the previous GAAP carrying amount of such an item at the date of transition to IFRSs as deemed cost. If an entity applies this exemption to an item, it need not apply it to all items. At the date of transition to IFRSs, an entity shall test for impairment in accordance with IAS 36 each item for which this exemption is used. For the purposes of this paragraph, operations are subject to rate regulation if they provide goods or services to customers at prices (ie rates) established by an authorised body empowered to establish rates that bind the customers and that are designed to recover the specific costs the entity incurs in providing the regulated goods or services and to earn a specified return. The specified return could be a minimum or range and need not be a fixed or guaranteed return.

Leases

D9 A first-time adopter may apply the transitional provisions in IFRIC 4 *Determining whether an Arrangement contains a Lease*. Therefore, a first-time adopter may determine whether an arrangement existing at the date of transition to IFRSs contains a lease on the basis of facts and circumstances existing at that date.

D9A If a first-time adopter made the same determination of whether an arrangement contained a lease in accordance with previous GAAP as that required by IFRIC 4 but at a date other than that required by IFRIC 4, the first-time adopter need not reassess that determination when it adopts IFRSs. For an entity to have made the same determination of whether the arrangement contained a lease in accordance with previous GAAP, that determination would have to have given the same outcome as that resulting from applying IAS 17 *Leases* and IFRIC 4.

Employee benefits

D10 In accordance with IAS 19 *Employee Benefits*, an entity may elect to use a 'corridor' approach that leaves some actuarial gains and losses unrecognised. Retrospective application of this approach requires an entity to split the cumulative actuarial gains and losses from the inception of the plan until the date of transition to IFRSs into a recognised portion and an unrecognised portion. However, a first-time adopter may elect to recognise all cumulative actuarial gains and losses at the date of transition to IFRSs, even if it uses the corridor approach for later actuarial gains and losses. If a first-time adopter uses this election, it shall apply it to all plans.

D11 An entity may disclose the amounts required by paragraph 120A(p) of IAS 19 as the amounts are determined for each accounting period prospectively from the date of transition to IFRSs.

Cumulative translation differences

D12 IAS 21 requires an entity:

(a) to recognise some translation differences in other comprehensive income and accumulate these in a separate component of equity; and

(b) on disposal of a foreign operation, to reclassify the cumulative translation difference for that foreign operation (including, if applicable, gains and losses on related hedges) from equity to profit or loss as part of the gain or loss on disposal.

D13 However, a first-time adopter need not comply with these requirements for cumulative translation differences that existed at the date of transition to IFRSs. If a first-time adopter uses this exemption:

(a) the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to IFRSs; and

(b) the gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to IFRSs and shall include later translation differences.

Investments in subsidiaries, jointly controlled entities and associates

D14 When an entity prepares separate financial statements, IAS 27 requires it to account for its investments in subsidiaries, jointly controlled entities and associates either:

(a) at cost; or

(b) in accordance with IFRS 9.

D15 If a first-time adopter measures such an investment at cost in accordance with IAS 27, it shall measure that investment at one of the following amounts in its separate opening IFRS statement of financial position:

(a) cost determined in accordance with IAS 27; or

(b) deemed cost. The deemed cost of such an investment shall be its:

  (i) fair value (determined in accordance with IFRS 9) at the entity's date of transition to IFRSs in its separate financial statements; or

  (ii) previous GAAP carrying amount at that date.

  A first-time adopter may choose either (i) or (ii) above to measure its investment in each subsidiary, jointly controlled entity or associate that it elects to measure using a deemed cost.

Assets and liabilities of subsidiaries, associates and joint ventures

D16 If a subsidiary becomes a first-time adopter later than its parent, the subsidiary shall, in its financial statements, measure its assets and liabilities at either:

(a) the carrying amounts that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRSs, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary; or

(b) the carrying amounts required by the rest of this IFRS, based on the subsidiary's date of transition to IFRSs. These carrying amounts could differ from those described in (a):

  (i) when the exemptions in this IFRS result in measurements that depend on the date of transition to IFRSs.

  (ii) when the accounting policies used in the subsidiary's financial statements differ from those in the consolidated financial statements. For example, the subsidiary may use as its accounting policy the cost model in IAS 16 *Property, Plant and Equipment*, whereas the group may use the revaluation model.

  A similar election is available to an associate or joint venture that becomes a first-time adopter later than an entity that has significant influence or joint control over it.

D17 However, if an entity becomes a first-time adopter later than its subsidiary (or associate or joint venture) the entity shall, in its consolidated financial statements, measure the assets and liabilities of the subsidiary (or associate or joint venture) at the same carrying amounts as in the financial statements of the subsidiary (or associate or joint venture), after adjusting for consolidation and equity accounting adjustments and for the effects of the business combination in which the entity acquired the subsidiary. Similarly, if a parent becomes a first-time adopter for its separate financial statements earlier or later than for its consolidated financial statements, it shall measure its assets and liabilities at the same amounts in both financial statements, except for consolidation adjustments.

Compound financial instruments

D18 IAS 32 *Financial Instruments: Presentation* requires an entity to split a compound financial instrument at inception into separate liability and equity components. If the liability component is no longer outstanding, retrospective application of IAS 32 involves separating two portions of equity. The first portion is in retained earnings and represents the cumulative interest accreted on the liability component. The other portion represents the original equity component. However, in accordance with this IFRS, a first-time adopter need not separate these two portions if the liability component is no longer outstanding at the date of transition to IFRSs.

Designation of previously recognised financial instruments

D19 IFRS 9 permits a financial liability (provided it meets certain criteria) to be designated as a financial liability at fair value through profit or loss. Despite this requirement an entity is permitted to designate, at the date of transition to IFRSs, any financial liability as at fair value through profit or loss provided the liability meets the criteria in paragraph 4.2.2 of IFRS 9 at that date.

D19A An entity may designate a financial asset as measured at fair value through profit or loss in accordance with paragraph 4.1.5 of IFRS 9 on the basis of the facts and circumstances that exist at the date of transition to IFRSs.

D19B An entity may designate an investment in an equity instrument as at fair value through other comprehensive income in accordance with paragraph 5.7.5 of IFRS 9 on the basis of the facts and circumstances that exist at the date of transition to IFRSs.

D19C If it is impracticable (as defined in IAS 8) for an entity to apply retrospectively the effective interest method or the impairment requirements in paragraphs 58–65 and AG84–AG93 of IAS 39, the fair value of the financial asset at the date of transition to IFRSs shall be the new amortised cost of that financial asset at the date of transition to IFRSs.

D19D An entity shall determine whether the treatment in paragraph 5.7.7 of IFRS 9 would create an accounting mismatch in profit or loss on the basis of the facts and circumstances that exist at the date of transition to IFRSs.

Fair value measurement of financial assets or financial liabilities at initial recognition

D20 Despite the requirements of paragraphs 7 and 9, an entity may apply the requirements in the last sentence of paragraph B5.4.8 and in paragraph B5.4.9 of IFRS 9 prospectively to transactions entered into on or after the date of transition to IFRSs.

Decommissioning liabilities included in the cost of property, plant and equipment

D21 IFRIC 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* requires specified changes in a decommissioning, restoration or similar liability to be added to or deducted from the cost of the asset to which it relates; the adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. A first-time adopter need not comply with these requirements for changes in such liabilities that occurred before the date of transition to IFRSs. If a first-time adopter uses this exemption, it shall:

(a) measure the liability as at the date of transition to IFRSs in accordance with IAS 37;

(b) to the extent that the liability is within the scope of IFRIC 1, estimate the amount that would have been included in the cost of the related asset when the liability first arose, by discounting the liability to that date using its best estimate of the historical risk-adjusted discount rate(s) that would have applied for that liability over the intervening period; and

(c) calculate the accumulated depreciation on that amount, as at the date of transition to IFRSs, on the basis of the current estimate of the useful life of the asset, using the depreciation policy adopted by the entity in accordance with IFRSs.

D21A An entity that uses the exemption in paragraph D8A(b) (for oil and gas assets in the development or production phases accounted for in cost centres that include all properties in a large geographical area under previous GAAP) shall, instead of applying paragraph D21 or IFRIC 1:

(a) measure decommissioning, restoration and similar liabilities as at the date of transition to IFRSs in accordance with IAS 37; and

(b) recognise directly in retained earnings any difference between that amount and the carrying amount of those liabilities at the date of transition to IFRSs determined under the entity's previous GAAP.

Financial assets or intangible assets accounted for in accordance with IFRIC 12

D22 A first-time adopter may apply the transitional provisions in IFRIC 12.

Borrowing costs

D23 A first-time adopter may apply the transitional provisions set out in paragraphs 27 and 28 of IAS 23, as revised in 2007. In those paragraphs references to the effective date shall be interpreted as 1 January 2009 or the date of transition to IFRSs, whichever is later.

Transfers of assets from customers

D24 A first-time adopter may apply the transitional provisions set out in paragraph 22 of IFRIC 18 *Transfers of Assets from Customers*. In that paragraph, reference to the effective date shall be interpreted as 1 July 2009 or the date of transition to IFRSs, whichever is later. In addition, a first-time adopter may designate any date before the date of transition to IFRSs and apply IFRIC 18 to all transfers of assets from customers received on or after that date.

Extinguishing financial liabilities with equity instruments

D25 A first-time adopter may apply the transitional provisions in IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*.

Severe hyperinflation

D26 If an entity has a functional currency that was, or is, the currency of a hyperinflationary economy, it shall determine whether it was subject to severe hyperinflation before the date of transition to IFRSs. This applies to entities that are adopting IFRSs for the first time, as well as entities that have previously applied IFRSs.

D27 The currency of a hyperinflationary economy is subject to severe hyperinflation if it has both of the following characteristics:

(a) a reliable general price index is not available to all entities with transactions and balances in the currency.

(b) exchangeability between the currency and a relatively stable foreign currency does not exist.

D28 The functional currency of an entity ceases to be subject to severe hyperinflation on the functional currency normalisation date. That is the date when the functional currency no longer has either, or both, of the characteristics in paragraph D27, or when there is a change in the entity's functional currency to a currency that is not subject to severe hyperinflation.

D29 When an entity's date of transition to IFRSs is on, or after, the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date at fair value on the date of transition to IFRSs. The entity may use that fair value as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position.

D30 When the functional currency normalisation date falls within a 12-month comparative period, the comparative period may be less than 12 months, provided that a complete set of financial statements (as required by paragraph 10 of IAS 1) is provided for that shorter period.

Appendix E
Short-term exemptions from IFRSs

This appendix is an integral part of the IFRS.

Exemption from the requirement to restate comparative information for IFRS 9

E1 In its first IFRS financial statements, an entity that (a) adopts IFRSs for annual periods beginning before 1 January 2012 and (b) applies IFRS 9 shall present at least one year of comparative information. However, this comparative information need not comply with IFRS 7 *Financial Instruments: Disclosures* or IFRS 9, to the extent that the disclosures required by IFRS 7 relate to items within the scope of IFRS 9. For such entities, references to the 'date of transition to IFRSs' shall mean, in the case of IFRS 7 and IFRS 9 only, the beginning of the first IFRS reporting period.

E2 An entity that chooses to present comparative information that does not comply with IFRS 7 and IFRS 9 in its first year of transition shall:

(a) apply the recognition and measurement requirements of its previous GAAP in place of the requirements of IFRS 9 to comparative information about items within the scope of IFRS 9.

(b) disclose this fact together with the basis used to prepare this information.

(c) treat any adjustment between the statement of financial position at the comparative period's reporting date (ie the statement of financial position that includes comparative information under previous GAAP) and the statement of financial position at the start of the *first IFRS reporting period* (ie the first period that includes information that complies with IFRS 7 and IFRS 9) as arising from a change in accounting policy and give the disclosures required by paragraph 28(a)–(e) and (f)(i) of IAS 8. Paragraph 28(f)(i) applies only to amounts presented in the statement of financial position at the comparative period's reporting date.

(d) apply paragraph 17(c) of IAS 1 to provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Disclosures about financial instruments

E3 A first-time adopter may apply the transition provisions in paragraph 44G of IFRS 7.*

E4 A first-time adopter may apply the transition provisions in paragraph 44M of IFRS 7.†

* Paragraph E3 was added as a consequence of *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* (Amendment to IFRS 1) issued in January 2010. To avoid the potential use of hindsight and to ensure that first-time adopters are not disadvantaged as compared with current IFRS preparers, the Board decided that first-time adopters should be permitted to use the same transition provisions permitted for existing preparers of financial statements prepared in accordance with IFRSs that are included in *Improving Disclosures about Financial Instruments* (Amendments to IFRS 7).

† Paragraph E4 was added as a consequence of *Disclosures—Transfers of Financial Assets* (Amendments to IFRS 7) issued in October 2010. To avoid the potential use of hindsight and to ensure that first-time adopters are not disadvantaged as compared with current IFRS preparers, the Board decided that first-time adopters should be permitted to use the same transition provisions permitted for existing preparers of financial statements prepared in accordance with IFRSs that are included in *Disclosures—Transfers of Financial Assets* (Amendments to IFRS 7).

Source: eifrs.iasb.org/eifrs/bnstandards/en/ifrs1.pdf

APPENDIX B

SNA 2008 – Contents

FURTHER TO THE AFOREMENTIONED REFERENCES to the 700-page 2008 SNA document, and a brief introduction to the chapters therein, the following provides a strong indication as to the related details by listing the associated contents, as are extensive.

- List of tables
- List of figures
- Preface
- List of abbreviations and acronyms
- Chapter 1: Introduction
  - What is the System of National Accounts?
  - The conceptual elements of the SNA
    - Activities and transactions
    - The institutional sectors of the economy
    - Accounts and their corresponding economic activities
      - The goods and services account
      - The sequence of accounts
        - Current accounts
        - Accumulation accounts
        - Balance sheets

        - Delimitation of the total economy and the rest of the world
    - Transactions and other flows
        - Main types of transactions and other flows
        - Characteristics of transactions in the SNA
    - Assets and liabilities
    - Products and producing units
        - Products
        - Producing units
    - Purposes
- Rules of accounting
    - Introduction
        - Terminology for the two sides of the accounts
        - Change of ownership and the recording of transactions in goods and services
        - Double entry or quadruple entry accounting
    - Time of recording
        - Valuation
        - General principles
        - Methods of valuation
        - Volume measures and measures in real terms
    - Consolidation and netting
        - Consolidation
        - Netting
            - The use of 'net'
- The accounts
    - Introduction
    - The full sequence of accounts
        - The three sections of the sequence of accounts
        - The production account
        - The distribution of income accounts
            - The primary distribution of income account
            - The secondary distribution of income account
            - The redistribution of income in kind account
            - The use of income accounts
        - The accumulation accounts
            - The capital account
            - The financial account
            - The other changes in the volume of assets account
            - The revaluation account

        - Rearrangements of transactions
        - Rerouting transactions
        - Partitioning transactions
        - Units facilitating a transaction on behalf of other parties
      - Non-monetary transactions
        - Barter transactions
        - Remuneration in kind
        - Payments in kind other than remuneration in kind
        - Transfers in kind
        - Internal transactions
      - Externalities and illegal actions
        - Externalities
        - Illegal actions
    - Other flows
      - Other changes in the volume of assets
      - Holding gains and losses
- Balancing items
  - Balancing items in the flow accounts
  - Balancing items in the balance sheets
- Accounting rules
  - Quadruple-entry accounting
  - Valuation
    - General rules
    - Valuation of transactions
      - Agricultural products sold from the farm
      - Barter
      - Quotation prices
      - Valuation of transfers in-kind
      - Transfer pricing
      - Concessional pricing
      - Valuation at cost
      - Valuation of assets
      - Business accounting valuation
    - Valuation of partitioned flows
    - Special valuations concerning products
    - Valuation of other flows
      - Other changes in the volumes of assets
      - Holding gains and losses
    - Valuation of positions of financial assets and liabilities

      - Groups of corporations
      - Head offices and holding companies
      - Special purpose entities
        - Captive financial institutions
        - Artificial subsidiaries of corporations
        - Special purpose units of general government
    - Ownership and control of corporations
      - Subsidiary and associate corporations
        - Subsidiary corporations
        - Associate corporations
      - Government control of corporations
      - Control by a non-resident unit
  - Non-profit institutions
    - The characteristics of NPIs
    - NPIs engaged in market production
      - Market NPIs serving enterprises
    - NPIs engaged in non-market production
      - Government control of non-profit institutions
      - NPIs serving households (NPISHs)
- The non-financial corporations sector and its subsectors
- The financial corporations sector and its subsectors
    - Central bank
    - Deposit-taking corporations except the central bank
    - Money market funds (MMFs)
    - Non-MMF investment funds
    - Other financial intermediaries, except insurance corporations and pension funds (ICPFs)
    - Financial auxiliaries
    - Captive financial institutions and money lenders
    - Insurance corporations (ICs)
    - Pension funds (PFs)
- The general government sector and its subsectors
    - Government units as institutional units
      - Government units as producers
      - Social security schemes and social security funds
    - The general government sector
    - Subsectors of the general government sector
      - Central government
      - State government

        - Market output
            - Recording of sales
            - Recording of barter
            - Recording of compensation in kind or other payments in kind
            - Recording of intra-enterprise deliveries
            - Changes in inventories of finished goods
            - Changes in inventories of work-in-progress
        - Output for own final use
            - Goods produced by households
            - Services of domestic staff
            - Services of owner-occupied dwellings
            - Own gross fixed capital formation
            - Changes in inventories
            - Own intermediate consumption
            - Valuation of output for own final use
        - Non-market output
        - Market and non-market producers
- The output of particular industries
    - Introduction
    - Agriculture, forestry and fishing
    - Machinery, equipment and construction
    - Transportation and storage
        - Transportation
        - Storage
    - Wholesale and retail distribution
    - Output of the central bank
        - Borderline cases such as supervisory services
        - Provision of non-market output
        - Provision of market output
    - Financial services other than those associated with insurance and pension funds
        - Financial services provided in return for explicit charges
        - Financial services provided in association with interest charges on loans and deposits
        - Financial services associated with the acquisition and disposal of financial assets and liabilities in financial markets
    - Financial services associated with insurance and pension schemes.

            - The accrual basis of recording
            - Interest, fines or other penalties
            - Taxes and subsidies within the primary distribution of income accounts
        - Taxes on products
            - Value added type taxes
            - Taxes and duties on imports, excluding VAT
                - Import duties
                - Taxes on imports, excluding VAT and duties
            - Export taxes
            - Taxes on products, excluding VAT, import and export taxes
        - Other taxes on production
- Subsidies
    - Subsidies on products
        - Import subsidies
        - Export subsidies
            - Exclusions from export subsidies
        - Other subsidies on products
    - Other subsidies on production
- Property incomes
    - Defining property income
    - Interest
        - The accrual basis of recording
        - Interest payable and receivable on loans and deposits
        - Interest payable on debt securities
        - Further elaboration
        - Nominal and real interest
        - The special case of interest rates set by the central bank
            - Below market rates on reserve deposits
            - Above market rates for currency support
            - Below market rates to priority industries
    - Distributed income of corporations
        - Dividends
            - Time of recording
            - Super-dividends
        - Withdrawals of income from quasi-corporations
        - Reinvested earnings on foreign direct investment
            - Retained earnings of domestic enterprises
    - Investment income disbursements

        - Other employment-related social insurance schemes
    - Net social contributions
        - Components of social contributions
        - Employers' actual social contributions
        - Employers' imputed social contributions
        - Households' actual social contributions
        - Households' social contribution supplements
    - Social benefits other than social transfers in kind
        - Institutional arrangements
            - Social insurance schemes or social assistance
            - Social security and social assistance
        - Types of social benefits
            - Pensions
            - Non-pension benefits payable in cash
                - Receivables by households that are not social benefits
            - Non-pension benefits payable in kind
            - Benefits provided in kind by government
        - Social benefits recorded in the secondary distribution of income account
    - Other current transfers
        - Insurance-related transactions
            - Net non-life insurance premiums
            - Non-life insurance claims
            - Net reinsurance premiums and claims
            - Fees and calls under standardized guarantees
        - Current transfers within general government
        - Current international cooperation
        - Miscellaneous current transfers
            - Current transfers between the central bank and general government
            - Current transfers to NPISHs
            - Current transfers between households
            - Fines and penalties
            - Lotteries and gambling
            - Payments of compensation
    - Social transfers in kind
        - The redistribution of income in kind account
        - Social transfers in kind paid to non-residents
- Chapter 9: The use of income accounts

- Introduction
    - The use of disposable income account
    - The use of adjusted disposable income account
    - The relationship between the two versions of the use of income account
    - Adjustment for the change in pension entitlements
    - Saving
    - Calculating savings ratios
- Expenditures, acquisitions and consumption of goods and services
    - Expenditures
        - The timing of expenditures on goods and services
    - Acquisitions
    - Consumption of goods and services
        - Durable versus non-durable goods
        - Consumption as the using up of goods and services
- Measuring the value of non-monetary transactions indirectly
    - Barter transactions
    - Expenditures on goods and services received as income in kind
    - Expenditure on goods and services produced on own account
- Household final consumption expenditure
    - Introduction
    - Expenditures by households owning unincorporated enterprises
    - Expenditures on particular types of goods and services
        - Expenditures on financial services
            - Financial services, except insurance and pension fund services
            - Insurance and pension fund services
        - Services of dwellings, repairs and improvements
            - Services of owner-occupied dwellings
            - Decoration, minor repairs and maintenance
            - Major improvements
        - The repair and maintenance of durables
        - Licences and fees
    - Classification of household final consumption expenditure
    - Timing and valuation of household final consumption expenditure
        - Timing
        - Valuation
            - Valuation of purchases on credit
    - Expenditures by resident and non-resident households

            - Improvements to existing assets
            - Costs incurred on acquisition and disposal of assets
        - Time of recording
        - Ownership of assets
        - Valuation
        - Transactions in fixed assets
            - Dwellings
            - Other buildings and structures
                - Buildings other than dwellings
                - Other structures
                - Land improvements
            - Machinery and equipment
                - Transport equipment
                - ICT equipment
                - Other machinery and equipment
            - Weapons systems
            - Cultivated biological resources
                - Animal resources yielding repeat products
                - Tree, crop and plant resources yielding repeat products
            - Costs of ownership transfer on non-produced assets
            - Intellectual property products
                - Research and development
                - Mineral exploration and evaluation
                - Computer software and databases
                    - Computer software
                    - Databases
                - Entertainment, literary and artistic originals
                - Other intellectual property products
    - Changes in inventories
        - Storage and stocks of inventories
        - Valuation
            - Valuation of work-in-progress
        - Transactions in inventories
            - Materials and supplies
            - Work-in-progress
                - Work-in-progress on cultivated biological resources
                - Other work-in-progress
        - Finished goods
        - Military inventories

        - Goods for resale
      - Acquisitions less disposals of valuables
        - The asset boundary
        - Valuation
        - Transactions in valuables
          - Precious metals and stones
          - Antiques and other art objects
          - Other valuables
    - Consumption of fixed capital
      - Costs of ownership transfer
      - Terminal costs
    - Acquisitions less disposals of non-produced non-financial assets
      - Natural resources
        - The asset boundary
        - Ownership
        - Valuation
          - Transactions in natural resources
            - Land
            - Mineral and energy resources
            - Non-cultivated biological resources
            - Water resources
            - Other natural resources
      - Contracts, leases and licences
        - The asset boundary
        - Types of assets included in contracts, leases and licences
          - Marketable operating leases
          - Permits to use natural resources
          - Permits to undertake specific activities
          - Entitlement to future goods and services on an exclusive basis
      - Goodwill and marketing assets
    - Capital transfers
      - Capital versus current transfers
      - Transfers in cash and in kind
        - Valuation
      - Capital taxes
      - Investment grants
      - Other capital transfers
  - Chapter 11: The financial account

- Introduction
  - Financial assets and liabilities
  - Quadruple-entry accounting
  - Counterparts of non-financial transactions
  - Exchanges of financial assets and liabilities
  - Net lending
  - Contingencies
- Transactions in financial assets and liabilities
  - The classification of financial assets and liabilities
  - Negotiability
  - Valuation of transactions
  - Time of recording
  - Netting and consolidation
    - Netting
    - Consolidation
- Recording of individual financial instruments
  - Monetary gold and SDRs
    - Monetary gold
    - SDRs
  - Currency and deposits
    - Currency
    - Transferable deposits
      - Inter-bank positions
      - Other transferable deposits
    - Other deposits
  - Debt securities
    - Supplementary classifications of debt securities
  - Loans
    - Supplementary classifications of loans
  - Equity and investment fund shares
    - Equity
    - Investment fund shares or units
      - Money market fund shares or units
      - Other investment fund shares or units
    - Supplementary classifications of investment fund shares
  - Insurance, pension and standardized guarantee schemes
    - Non-life insurance technical reserves
    - Life insurance and annuities entitlements
    - Pension entitlements

        - Claims of pension funds on pension manager
        - Provisions for calls under standardized guarantees
    - Financial derivatives and employee stock options
        - Financial derivatives
            - Options
            - Forwards
            - Credit derivatives
            - Margins
        - Employee stock options (ESOs)
    - Other accounts receivable or payable
        - Trade credit and advances
        - Other
    - Memorandum items
        - Foreign direct investment
        - Non-performing loans
- Chapter 12: The other changes in assets accounts
  - Introduction
  - The other changes in the volume of assets account
    - Functions of the other changes in the volume of assets account
    - Appearance and disappearance of assets other than by transactions
        - Economic recognition of produced assets
            - Public monuments
            - Valuables
        - Entry of natural resources into the asset boundary
            - Discoveries and upwards reappraisals of subsoil resources
            - Natural growth of uncultivated biological resources
            - Transfers of other natural resources to economic activity
            - Quality changes in natural resources due to changes in economic uses
        - Exit of natural resources from the asset boundary
            - Extractions and downwards reappraisals of subsoil resources
            - Harvesting of uncultivated biological resources
            - Transfers of other natural resources out of economic activity
            - Quality changes in natural resources due to changes in economic uses
        - Initiation and cancellation of contracts, leases and licences
        - Changes in the value of goodwill and marketing assets
        - Appearance and disappearance of financial assets and liabilities

    - Balance sheets
    - Asset accounts
    - Structure of the balance sheet
    - Structure of asset accounts
- General principles of valuation
    - Value observed in markets
    - Values obtained by accumulating and revaluing transactions
    - Present value of future returns
    - Assets denominated in foreign currencies
- The entries in the balance sheet
    - Produced assets
        - Fixed assets
        - Inventories
        - Valuables
    - Non-produced assets
        - Natural resources
            - Land
            - Mineral and energy resources
            - Non-cultivated biological resources, water resources and other natural resources
        - Contracts, leases and licences
        - Goodwill and marketing assets
    - Financial assets and liabilities
        - Monetary gold and SDRs
        - Currency and deposits
        - Debt securities
        - Loans
            - Non-performing loans
        - Equity and investment funds
            - Equity
            - Investment fund shares or units
        - Insurance, annuities, pension and standardized guarantee schemes
            - Non-life insurance technical reserves
            - Life insurance and annuities entitlements
            - Pension entitlements
            - Provisions for calls under standardized guarantees
        - Financial derivatives
            - Options

                - Output for own final use
                - Intermediate consumption
                - Gross domestic product and gross value added
            - Volume measures of the expenditure estimate of GDP
                - Household final consumption expenditure
                - Final consumption expenditure by government and NPISHs
                - Gross fixed capital formation
                - Changes in inventories
                - Acquisition less disposal of valuables
                - Exports and imports
            - Volumes and prices for stocks of fixed assets and consumption of fixed capital
            - Components of value added
                - Compensation of employees
                - Taxes and subsidies on products
                - Net operating surplus and net mixed income
            - Quarterly and annual estimates
            - Summary recommendations
        - Measures of real income for the total economy
            - The concept of real income
            - Trading gains and losses from changes in the terms of trade
            - The interrelationship between volume measures of GDP and real income aggregates
        - International price and volume comparisons.
            - Introduction
            - Index number issues
                - Representativity versus comparability
                - Aggregation
                - Binary comparisons
                - Multilateral comparisons
                    - Transitivity
                    - The block approach
                    - The binary approach
                    - Ring comparisons
            - Practical considerations for national accountants
                - PPPs and the national accounts
                - Why ICP growth rates differ from national growth rates
                - Non-market services
                - Conclusion

- The policy interest in measuring activity undertaken by informal enterprises
    - Structure of the chapter
- Characteristics of units acting informally
- The non-observed economy
- The informal sector as defined by the ILO
    - The ILO concept of the informal sector
    - Defining the sector
        - Exclusion of units producing purely for own final use
        - Exclusion of units with formal characteristics
        - Two categories of informal enterprises
        - Exclusions on grounds of activity
    - Clarifying the use of familiar terminology
        - Sector
        - Enterprise
        - Subsectoring production
        - Formal sector, informal sector and households
- Informal employment
    - Informal employment
    - Employment in the informal sector
- Work of the Delhi Group
- Deriving data on activities of informal enterprises from the SNA accounts
    - Candidate households
    - Adjustments for national practices
    - Disaggregation by type of activity
    - Presenting the data on the informal sector and informal employment
        - Production
        - Employment
- Approaches to measuring activities undertaken in the informal economy
    - Household surveys
    - Establishment surveys
    - Mixed household-enterprise surveys
- Guidelines, studies and handbooks on the informal economy

- Chapter 26: The rest of the world accounts and links to the balance of payments
    - Introduction
        - The rest of the world account in the SNA
            - Current accounts
            - Accumulation accounts

    - The international accounts in BPM6
    - The structure of the chapter
- Accounting principles
    - Comparison with SNA accounting principles
        - Valuation
        - Time of recording and change of ownership
        - Netting
    - Units
        - Economic territory
        - Institutional units
            - Branches
            - Notional resident units
            - Multiterritory enterprises
    - Residence
        - Residence of households
        - Residence of enterprises
        - Residence of other entities
- A comparison between the international accounts and the SNA rest of the world accounts
    - Goods and services account
    - The primary income account
        - Income of direct investment enterprises
    - Secondary income account
    - Balancing items in the current accounts of the international accounts
    - The capital account
    - The financial account and IIP
    - The other changes in assets accounts
- International accounts functional categories
    - Direct investment
    - Portfolio investment
    - Financial derivatives (other than reserves) and employee stock options
    - Other investment
    - Reserve assets
- Special international accounts considerations
    - Global imbalances
    - Exceptional financing
    - Debt instruments

        - Entries in the other changes in assets account (K codes)
        - Balancing and net worth items (B codes)
    - Entries related to stocks of assets and liabilities
        - Balance sheet entries (L codes)
        - Non-financial assets (AN codes)
        - Financial assets (AF codes)
  - Supplementary items
    - Non-performing loans
    - Capital services
    - Pensions table
        - Columns
        - Rows
    - Consumer durables
    - Foreign direct investment
    - Contingent positions
    - Currency and deposits
    - Classification of debt securities according to outstanding maturity
    - Listed and unlisted debt securities
    - Long-term loans with outstanding maturity of less than one year and long-term loans secured by a mortgage
    - Listed and unlisted investment shares
    - Arrears in interest and repayments
    - Personal and total remittances
- Annex 2: The sequence of accounts
- Annex 3: Changes from the 1993 System of National Accounts
  - Introduction
  - Further specifications of statistical units and revisions in institutional sectoring
    - Producer unit undertaking ancillary activities to be recognized as a separate establishment in certain cases
    - Artificial subsidiaries not regarded as institutional units unless resident in an economy different from that of their parents
    - Branch of a non-resident unit recognized as an institutional unit
    - Residence of multiterritory enterprises clarified
    - Special purpose entities recognized
    - Holding company allocated to the financial corporations sector
    - Head office to be allocated to the institutional sector of the majority of its subsidiaries
    - Subsector for non-profit institutions introduced

  - Definition of financial services enlarged
  - Subsectoring of the financial corporation sector revised to reflect new developments in financial services, markets and instruments
- Further specifications of the scope of transactions including the production boundary
  - Research and development is not an ancillary activity
  - Method for calculating financial intermediation services indirectly measured (FISIM) refined
  - Output of central bank clarified
  - Recording of the output of non-life insurance services improved
  - Reinsurance similarly treated as direct insurance
  - Valuation of output for own final use by households and corporations to include a return to capital
- Extension and further specification of the concepts of assets, capital formation and consumption of fixed capital
  - Change of economic ownership introduced
  - Asset boundary extended to include research and development
  - Revised classification of assets introduced
  - Extension of the assets boundary and government gross capital formation to include expenditure on weapons systems
  - The asset category 'computer software' modified to include databases
  - Originals and copies recognized as distinct products
  - The concept of capital services introduced
  - Treatment of costs of ownership transfer elaborated
  - Mineral exploration and evaluation
  - Land improvements
  - Goodwill and marketing assets
  - Water resources treated as an asset in some cases
  - Consumption of fixed capital to be measured at the average prices of the period with respect to a constant-quality price index of the asset concerned
  - Definition of cultivated biological resources made symmetric to uncultivated resources
  - Intellectual property products introduced
  - Concept of resource lease for natural resources introduced
  - Changes in the items appearing in the other changes in the volume of assets account introduced

- Further refinement of the treatment and definition of financial instruments and assets
    - Treatment of securities repurchase agreement clarified
    - Treatment of employee stock options described
    - Treatment of non-performing loans elaborated
    - Treatment of guarantees elaborated
    - Treatment of index-linked debt securities elaborated
    - Treatment of debt instruments indexed to a foreign currency revised
    - Flexibility on valuation of unlisted equity
    - Unallocated gold accounts treated as financial assets and liabilities
    - Definition of monetary gold and gold bullion revised
    - Liability in special drawing rights recognized
    - Distinction made between deposits and loans
    - Fees payable on securities lending and gold loans
    - Financial asset classification
    - Distinction between financial leasing and operating leasing based on economic ownership
    - Changes in recommendations for recording pension entitlements
- Further specifications of the scope of transactions concerning government and public sector
    - The boundary between private/public/government sectors clarified
    - Treatment of restructuring agencies elaborated
    - Treatment of government issued permits clarified
    - Exceptional payments from public corporations should be recorded as withdrawals from equity
    - Exceptional payments from government to public quasi-corporations should be treated as capital transfers
    - Accrual recording of taxes
    - Tax credits
    - Treatment of ownership of fixed assets created through public-private partnerships clarified
    - Taxes on holding gains continue to be shown as current taxes on income and wealth
- Harmonization between concepts and classifications of the SNA and BPM6
    - Centre of predominant economic interest as the basic criterion for determining the residence of the unit

        - Individuals changing residence
        - Goods sent abroad for processing are recorded on change of ownership basis
        - Merchanting
    - A check-list of changes in each chapter
    - Annexes and other items
- Annex 4: Research Agenda
    - Introduction
    - Basic accounting rules
        - The relationship of SNA and IASB
        - Consolidation of enterprise groups
        - Trusts
        - Final consumption of corporations
        - Measuring the output of government services
        - The treatment of social transfers in kind to the rest of the world
        - Output of central banks: taxes and subsidies on interest rates applied by central banks
        - The treatment of establishments in the SNA
        - The inclusion of international organizations in the SNA
    - The concept of income
        - Clarification of income concept in the SNA
        - GDP at basic prices
        - The role of taxes in the SNA
        - Life insurance
        - Reinvested earnings
        - Accruing interest in the SNA
        - Calculation of FISIM
        - High inflation
        - The measurement of neutral and real holding gains and losses
        - Income arising from assets
        - Income from activities undertaken on an informal basis
    - Issues involving financial instruments
        - Issues arising from a financial crisis
        - Recognition of social security entitlements as liabilities
        - Wider use of fair value for loans
        - Provisions
        - Debt concessionality
        - Equity valuation and its implications
        - Reverse transactions

- Issues involving non-financial assets
  - Tradable emission permits
  - Leases to use or exploit natural resources
  - Broadening the fixed asset boundary to include other intellectual property assets
    - Innovation
    - Marketing assets
    - Human capital
  - Costs of ownership transfer of valuables and non-produced assets
  - Distinction between current maintenance and capital repairs
  - Treatment of Private-Public Partnerships
  - Transfer of ownership of an asset during its life
- References
- Glossary
- Index

Note that more information on the detailed text of SNA 2008 is available at unstats.un.org/unsd/nationalaccount/sna.asp.

Glossary of IFRS terms

Term	Description	Standard
accounting policies	The specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.	**IAS 8**
accounting profit	Profit or loss for a period before deducting tax expense.	**IAS 12**
accrual accounting	Accrual accounting depicts the effects of transactions and other events and circumstances on a reporting entity's economic resources and claims in the periods in which those effects occur, even if the resulting cash receipts and payments occur in a different period.	
accumulating compensated absences	Compensated absences that are carried forward and can be used in future periods if the current period's entitlement is not used in full.	**IAS 19**
acquiree	The business or businesses that the acquirer obtains control of in a business combination.	**IFRS 3**
acquirer	The entity that obtains control of the acquiree.	**IFRS 3**
acquisition date	The date on which the acquirer obtains control of the acquiree.	**IFRS 3**

(*continued*)

active market	A market in which all the following conditions exist: (a) the items traded within the market are homogeneous; (b) willing buyers and sellers can normally be found at any time; and (c) prices are available to the public.	**IAS 36** **IAS 38** **IAS 41**
active market	A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.	**IFRS 9**
actuarial assumptions	An entity's unbiased and mutually compatible best estimates of the demographic and financial variables that will determine the ultimate cost of providing post-employment benefits.	**IAS 19**
actuarial gains and losses	(a) Experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and (b) the effects of changes in actuarial assumptions.	**IAS 19**
actuarial present value of promised retirement benefits	The present value of the expected payments by a retirement benefit plan to existing and past employees, attributable to the service already rendered.	**IAS 26**
adjusting events after the reporting period	See 'events after the reporting period'	
agricultural activity	The management by an entity of the biological transformation and harvest of biological assets for sale or for conversion into agricultural produce or into additional biological assets.	**IAS 41**
agricultural produce	The harvested product of the entity's biological assets.	**IAS 41**
amortisation (depreciation)	The systematic allocation of the depreciable amount of an asset over its useful life.	**IAS 36** **IAS 38**

amortised cost of a financial asset or financial liability	The amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.	**IAS 39**
antidilution	An increase in earnings per share or a reduction in loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions.	**IAS 33**
asset	A resource: (a) controlled by an entity as a result of past events; and (b) from which future economic benefits are expected to flow to the entity.	**IAS 38**
assets held by a long-term employee benefit fund	Assets (other than non-transferable financial instruments issued by the reporting entity) that: (a) are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits; and (b) are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in bankruptcy), and cannot be returned to the reporting entity, unless either: (i) the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or (ii) the assets are returned to the reporting entity to reimburse it for employee benefits already paid.	**IAS 19**
associate	An entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.	**IAS 28**

(*continued*)

basic earnings per share	Profit or loss attributable to ordinary equity holders of the parent entity (the numerator) divided by the weighted average number of ordinary shares outstanding during the period (the denominator).	**IAS 33**
biological asset	A living animal or plant.	**IAS 41**
biological transformation	The processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a biological asset.	**IAS 41**
borrowing costs	Interest and other costs that an entity incurs in connection with the borrowing of funds.	**IAS 23**
business	An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.	**IFRS 3**
business combination	A transaction or other event in which an acquirer obtains control of one or more businesses. Transactions sometimes referred to as 'true mergers' or 'mergers of equals' are also business combinations as that term is used in IFRS 3.	**IFRS 3**
capital	Under a financial concept of capital, such as invested money or invested purchasing power, the net assets or equity of the entity. The financial concept of capital is adopted by most entities. Under a physical concept of capital, such as operating capability, the productive capacity of the entity based on, for example, units of output per day.	
capitalisation	Recognising a cost as part of the cost of an asset.	**IAS 23**
carrying amount	The amount at which an asset is recognised after deducting any accumulated depreciation (amortisation) and accumulated impairment losses thereon.	**IAS 16** **IAS 36** **IAS 38**
carrying amount	The amount at which an asset is recognised in the statement of financial position.	**IAS 40** **IAS 41**
cash	Cash on hand and demand deposits.	**IAS 7**

cash equivalents	Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.	**IAS 7**
cash flows	Inflows and outflows of cash and cash equivalents.	**IAS 7**
cash-generating unit	The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.	**IAS 36** **IFRS 5**
cash-settled share-based payment transaction	A share-based payment transaction in which the entity acquires goods or services by incurring a liability to transfer cash or other assets to the supplier of those goods or services for amounts that are based on the price (or value) of equity instruments (including shares or share options) of the entity or another group entity.	**IFRS 2**
cedant	The policyholder under a reinsurance contract.	**IFRS 4**
change in accounting estimate	An adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.	**IAS 8**
class of assets	A grouping of assets of a similar nature and use in an entity's operations.	**IAS 16** **IAS 36** **IAS 38**
class of financial instruments	Grouping of financial instruments that is appropriate to the nature of the information disclosed and that takes into account the characteristics of those financial instruments.	**IFRS 7**
close members of the family of a person	Those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include: (a) that person's children and spouse or domestic partner; (b) children of that person's spouse or domestic partner (c) dependants of that person or that person's spouse or domestic partner.	**IAS 24**

(*continued*)

closing rate	The spot exchange rate at the end of the reporting period.	**IAS 21**
commencement of the lease term	The date from which the lessee is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease (i.e. the recognition of the assets, liabilities, income or expenses resulting from the lease, as appropriate).	**IAS 17**
comparability	The qualitative characteristic that enables users to identify and understand similarities in, and differences among, items.	
compensation	Includes all employee benefits (as defined in IAS 19) including employee benefits to which IFRS 2 applies. Employee benefits are all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity. It also includes such consideration paid on behalf of a parent of the entity in respect of the entity. Compensation includes: (a) short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees; (b) post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care; (c) other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation; (d) termination benefits; and (e) share-based payment.	**IAS 24**
component of an entity	Operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity.	**IFRS 5**

compound financial instrument	A financial instrument that, from the issuer's perspective, contains both a liability and an equity element.	**IAS 32**
consolidated financial statements	The financial statements of a group presented as those of a single economic entity.	**IAS 27** **IAS 28**
construction contract	A contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.	**IAS 11**
constructive obligation	An obligation that derives from an entity's actions where: (a) by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities; and (b) as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.	**IAS 37**
contingent asset	A possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.	**IAS 37**
contingent consideration	Usually, an obligation of the acquirer to transfer additional assets or equity interests to the former owners of an acquiree as part of the exchange for control of the acquiree if specified future events occur or conditions are met. However, contingent consideration also may give the acquirer the right to the return of previously transferred consideration if specified conditions are met.	**IFRS 3**
contingent liability	(a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or (b) a present obligation that arises from past events but is not recognised because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or	**IAS 37**

(*continued*)

	(ii) the amount of the obligation cannot be measured with sufficient reliability.	
contingent rent	That portion of the lease payments that is not fixed in amount but is based on the future amount of a factor that changes other than with the passage of time (e.g. percentage of future sales, amount of future use, future price indices, future market rates of interest).	**IAS 17**
contingent share agreement	An agreement to issue shares that is dependent on the satisfaction of specified conditions.	**IAS 33**
contingently issuable ordinary shares	Ordinary shares issuable for little or no cash or other consideration upon the satisfaction of specified conditions in a contingent share agreement.	**IAS 33**
contract	An agreement between two or more parties that has clear economic consequences that the parties have little, if any, discretion to avoid, usually because the agreement is enforceable at law. Contracts may take a variety of forms and need not be in writing.	**IAS 32**
control (of an entity)	The power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.	**IAS 24** **IAS 27** **IAS 28** **IFRS 3**
corporate assets	Assets other than goodwill that contribute to the future cash flows of both the cash-generating unit under review and other cash-generating units.	**IAS 36**
corridor	A range around an entity's best estimate of post-employment benefit obligations.	**IAS 19**
cost	The amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction, or, when applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other IFRSs, e.g. IFRS 2.	**IAS 16** **IAS 38** **IAS 40**
cost of inventories	All costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.	**IAS 2**

cost of purchase	All of the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of the item. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.	**IAS 2**
cost plus contract	A construction contract in which the contractor is reimbursed for allowable or otherwise defined costs, plus a percentage of these costs or a fixed fee.	**IAS 11**
costs of conversion	Costs directly related to the units of production, such as direct labour together with a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.	**IAS 2**
costs of disposal	Incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.	**IAS 36**
costs to sell	The incremental costs directly attributable to the disposal of an asset (or disposal group), excluding finance costs and income tax expense.	**IFRS 5**
credit risk	The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.	**IFRS 7**
currency risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.	**IFRS 7**
current asset	An entity shall classify an asset as current when: (a) it expects to realise the asset or intends to sell or consume it in its normal operating cycle; (b) it holds the asset primarily for the purpose of trading; (c) it expects to realise the asset within twelve months after the reporting period; or (d) the asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. An entity shall classify all other assets as non-current.	**IAS 1**

(*continued*)

current cost	The amount of cash or cash equivalents that would have to be paid if the same or an equivalent asset was acquired currently. The undiscounted amount of cash or cash equivalents that would be required to settle an obligation currently.	
current liability	An entity shall classify a liability as current when: (a) it expects to settle the liability in its normal operating cycle; (b) it holds the liability primarily for the purpose of trading; (c) the liability is due to be settled within twelve months after the reporting period; or (d) the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. An entity shall classify all other liabilities as non-current.	**IAS 1**
current service cost	The increase in the present value of the defined benefit obligation resulting from employee service in the current period.	**IAS 19**
current tax	The amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.	**IAS 12**
curtailment (of a defined benefit plan)	A curtailment occurs when an entity either: (a) is demonstrably committed to make a significant reduction in the number of employees covered by a plan; or (b) amends the terms of a defined benefit plan so that a significant element of future service by current employees will no longer qualify for benefits, or will qualify only for reduced benefits.	**IAS 19**
date of transition to IFRSs	The beginning of the earliest period for which an entity presents full comparative information under IFRSs in its first IFRS financial statements.	**IFRS 1**
deductible temporary differences	Temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.	**IAS 12**

deemed cost	An amount used as a surrogate for cost or depreciated cost at a given date. Subsequent depreciation or amortisation assumes that the entity had initially recognised the asset or liability at the given date and that its cost was equal to the deemed cost.	**IFRS 1**
deferred tax assets	The amounts of income taxes recoverable in future periods in respect of: (a) deductible temporary differences; (b) the carryforward of unused tax losses; and (c) the carryforward of unused tax credits.	**IAS 12**
deferred tax liabilities	The amounts of income taxes payable in future periods in respect of taxable temporary differences.	**IAS 12**
defined benefit liability	The net total of the following amounts: (a) the present value of the defined benefit obligation at the end of the reporting period; (b) plus any actuarial gains (less any actuarial losses) not recognised; (c) minus any past service cost not yet recognised; (d) minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.	**IAS 19**
defined benefit obligation (present value of)	The present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.	
defined benefit plans	Post-employment benefit plans other than defined contribution plans.	**IAS 19**
defined benefit plans	Retirement benefit plans under which amounts to be paid as retirement benefits are determined by reference to a formula usually based on employees' earnings and/or years of service.	**IAS 26**
defined contribution plans	Post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.	**IAS 19**

(*continued*)

defined contribution plans	Retirement benefit plans under which amounts to be paid as retirement benefits are determined by contributions to a fund together with investment earnings thereon.	**IAS 26**
demonstrably committed	An entity is demonstrably committed to pay termination benefits when, and only when, an entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan shall include, as a minimum: (a) the location, function, and approximate number of employees whose services are to be terminated; (b) the termination benefits for each job classification or function; and (c) the time at which the plan will be implemented. Implementation shall begin as soon as possible and the period of time to complete implementation shall be such that material changes to the plan are not likely.	**IAS 19**
deposit component	A contractual component that is not accounted for as a derivative under IFRS 9 and would be within the scope of IFRS 9 if it were a separate instrument.	**IFRS 4**
depreciable amount	The cost of an asset, or other amount substituted for cost (in the financial statements), less its residual value.	**IAS 16**
depreciation (amortisation)	The systematic allocation of the depreciable amount of an asset over its useful life.	**IAS 16** **IAS 36**
derecognition (of a financial instrument)	The removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.	**IFRS 9**
derivative	A financial instrument or other contract within the scope of IFRS 9 all three of the following characteristics: (a) Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').	

	(b) It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors. (c) It is settled at a future date.	**IFRS 9**
derivative financial instruments	Financial instruments such as financial options, futures and forwards, interest rate swaps and currency swaps, which create rights and obligations that have the effect of transferring between the parties to the instrument one or more of the financial risks inherent in an underlying primary financial instrument. On inception, derivative financial instruments give one party a contractual right to exchange financial assets or financial liabilities with another party under conditions that are potentially favourable, or a contractual obligation to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable. However, they generally do not result in a transfer of the underlying primary financial instrument on inception of the contract, nor does such a transfer necessarily take place on maturity of the contract. Some instruments embody both a right and an obligation to make an exchange. Because the terms of the exchange are determined on inception of the derivative instrument, as prices in financial markets change those terms may become either favourable or unfavourable.	**IAS 32**
development	The application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use.	**IAS 38**
diluted earnings per share	Profit or loss attributable to ordinary equity holders of the parent entity (the numerator), divided by the weighted average number of ordinary shares outstanding during the period (the denominator), both adjusted for the effects of all dilutive potential ordinary shares.	**IAS 33**

(*continued*)

dilution	A reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions.	**IAS 33**
dilutive potential ordinary shares	Potential ordinary shares whose conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.	**IAS 33**
direct insurance contract	An insurance contract that is not a reinsurance contract.	**IFRS 4**
direct method of reporting cash flows from operating activities	A method whereby major classes of gross cash receipts and gross cash payments are disclosed.	**IAS 7**
discontinued operation	A component of an entity that either has been disposed of or is classified as held for sale and: (a) represents a separate major line of business or geographical area of operations, (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or (c) is a subsidiary acquired exclusively with a view to resale.	**IFRS 5**
discretionary participation feature	A contractual right to receive, as a supplement to guaranteed benefits, additional benefits: (a) that are likely to be a significant portion of the total contractual benefits; (b) whose amount or timing is contractually at the discretion of the issuer; and (c) that are contractually based on: (i) the performance of a specified pool of contracts or a specified type of contract; (ii) realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or (iii) the profit or loss of the company, fund or other entity that issues the contract.	**IFRS 4**

disposal group	A group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. The group includes goodwill acquired in a business combination if the group is a cash-generating unit to which goodwill has been allocated in accordance with the requirements of IAS 36 or if it is an operation within such a cash-generating unit.	**IFRS 5**
dividends	Distributions of profits to holders of equity investments in proportion to their holdings of a particular class of capital.	**IAS 18**
economic life	Either: (a) the period over which an asset is expected to be economically usable by one or more users; or (b) the number of production or similar units expected to be obtained from the asset by one or more users.	**IAS 17**
effective interest method	A method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.	**IAS 39**
effective interest rate	The rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see IAS 18), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably.	**IAS 39**

(*continued*)

	However, in those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).	
embedded derivative	A component of a hybrid contract that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined contract vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty, is not an embedded derivative, but a separate financial instrument.	**IFRS 9**
employee benefits	All forms of consideration given by an entity in exchange for service rendered by employees.	**IAS 19**
employees and others providing similar services	Individuals who render personal services to the entity and either (a) the individuals are regarded as employees for legal or tax purposes, (b) the individuals work for the entity under its direction in the same way as individuals who are regarded as employees for legal or tax purposes, or (c) the services rendered are similar to those rendered by employees. For example, the term encompasses all management personnel, ie those persons having authority and responsibility for planning, directing and controlling the activities of the entity, including non-executive directors.	**IFRS 2**
entity-specific value	The present value of the cash flows an entity expects to arise from the continuing use of an asset and from its disposal at the end of its useful life or expects to incur when settling a liability.	**IAS 16** **IAS 38**

equity	The residual interest in the assets of the entity after deducting all its liabilities.	
equity instrument	A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.	**IAS 32** **IFRS 2**
equity instrument granted	The right (conditional or unconditional) to an equity instrument of the entity conferred by the entity on another party, under a share-based payment arrangement.	**IFRS 2**
equity interests	In IFRS 3, is used broadly to mean ownership interests of investor-owned entities and owner, member or participant interests of mutual entities.	**IFRS 3**
equity method	A method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee.	**IAS 28**
equity-settled share-based payment transaction	A share-based payment transaction in which the entity (a) receives goods or services as consideration for its own equity instruments (including shares or share options), or (b) receives goods or services buy has no obligation to settle the transaction with the supplier.	**IFRS 2**
events after the reporting period	Those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified: (a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and (b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).	**IAS 10**
exchange difference	The difference resulting from translating a given number of units of one currency into another currency at different exchange rates.	**IAS 21**
exchange rate	The ratio of exchange for two currencies.	**IAS 21**

(*continued*)

expenses	Decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.	
experience adjustments	The effects of differences between previous actuarial assumptions and what has actually occurred.	**IAS 19**
exploration and evaluation assets	Exploration and evaluation expenditures recognised as assets in accordance with the entity's accounting policy.	**IFRS 6**
exploration and evaluation expenditures	Expenditures incurred by an entity in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.	**IFRS 6**
exploration for and evaluation of mineral resources	The search for mineral resources, including minerals, oil, natural gas and similar non-regenerative resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource.	**IFRS 6**
fair value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.	**IAS 2** **IAS 17** **IAS 18** **IAS 21** **IAS 32** **IAS 41** **IFRS 1** **IFRS 3** **IFRS 5** **IFRS 9**
fair value	The amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.	**IFRS 2**
fair value less costs to sell	The amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.	**IAS 36**

faithful representation	To be a perfectly faithful representation, a depiction would have three characteristics. It would be *complete*, *neutral* and *free from error*.	
FIFO (first-in, first-out)	The assumption that the items of inventory that were purchased or produced first are sold first, and consequently the items remaining in inventory at the end of the period are those most recently purchased or produced.	**IAS 2**
finance lease	A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.	**IAS 17**
financial asset	Any asset that is: (a) cash; (b) an equity instrument of another entity; (c) a contractual right: (i) to receive cash or another financial asset from another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or (d) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include puttable financial instruments classified as equity instruments in accordance with IAS 32, instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and are classified as equity instruments in accordance with IAS 32, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments.	**IAS 32**

(*continued*)

financial asset or financial liability held for trading	A financial asset or financial liability that: (a) is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; (b) on initial recognition is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or (c) is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).	**IFRS 9**
financial guarantee contract	A contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.	**IFRS 4** **IFRS 9**
financial instrument	Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.	**IAS 32**
financial liability	Any liability that is: (a) a contractual obligation: (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.	

	Also, for these purposes the entity's own equity instruments do not include puttable financial instruments that are classified as equity instruments in accordance with paragraphs 16A and 16B of IAS 32, instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and are classified as equity instruments in accordance with IAS 32, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments. As an exception, an instrument that meets the definition of a financial liability is classified as an equity instrument if it has all the features and meets the conditions of IAS 32.	**IAS 32**
financial liability at fair value through profit or loss	A financial liability that meets either of the following conditions. (a) It meets the definition of held for trading. (b) Upon initial recognition it is designated by the entity as at fair value through profit or loss. An entity may use this designation only when permitted by IFRS 9 (re: embedded derivatives) or when doing so results in more relevant information, because either (i) it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or (ii) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel (as defined in IAS 24).	**IFRS 9**
financial position	The relationship of the assets, liabilities and equity of an entity, as reported in the balance sheet [statement of financial position].	**IAS 1**

(*continued*)

financial risk	The risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.	**IFRS 4**
financial statements	A complete set of financial statements comprises: (a) a statement of financial position as at the end of the period; (b) a statement of comprehensive income for the period; (c) a statement of changes in equity for the period; (d) a statement of cash flows for the period; (e) notes, comprising a summary of significant accounting policies and other explanatory information; and (f) a statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.	**IAS 1**
financing activities	Activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.	**IAS 7**
firm commitment	A binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.	**IAS 39**
firm purchase commitment	An agreement with an unrelated party, binding on both parties and usually legally enforceable, that (a) specifies all significant terms, including the price and timing of the transactions, and (b) includes a disincentive for non-performance that is sufficiently large to make performance highly probable.	**IFRS 5**
first IFRS financial statements	The first annual financial statements in which an entity adopts International Financial Reporting Standards (IFRSs), by an explicit and unreserved statement of compliance with IFRSs.	**IFRS 1**
first IFRS reporting period	The latest reporting period covered by an entity's first IFRS financial statements.	**IFRS 1**

first-time adopter	An entity that presents its first IFRS financial statements.	**IFRS 1**
fixed price contract	A construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.	**IAS 11**
fixed production overheads	Those indirect costs of production that remain relatively constant regardless of the volume of production, such as depreciation and maintenance of factory buildings and equipment, and the cost of factory management and administration.	**IAS 2**
forecast transaction	An uncommitted but anticipated future transaction.	**IAS 39**
foreign currency	A currency other than the functional currency of the entity.	**IAS 21**
foreign currency transaction	A transaction that is denominated in or requires settlement in a foreign currency.	**IAS 21**
foreign operation	An entity that is a subsidiary, associate, joint venture or branch of the reporting entity, the activities of which are based or conducted in a country or currency other than those of the reporting entity.	**IAS 21**
forgivable loans	Loans which the lender undertakes to waive repayment of under certain prescribed conditions.	**IAS 20**
forward-looking information	Information about the future. It includes information about the future (for example, information about prospects and plans) that may later be presented as historical information (i.e. results). It is subjective and its preparation requires the exercise of professional judgement.	
functional currency	The currency of the primary economic environment in which the entity operates.	**IAS 21**
funding (of post-employment benefits)	Contributions by an entity, and sometimes its employees, into an entity, or fund, that is legally separate from the reporting entity and from which the employee benefits are paid.	**IAS 19**
funding (of retirement benefits)	The transfer of assets to an entity (the fund) separate from the employer's entity to meet future obligations for the payment of retirement benefits.	**IAS 26**

(*continued*)

future economic benefit	The potential to contribute, directly or indirectly, to the flow of cash and cash equivalents to the entity. The potential may be a productive one that is part of the operating activities of the entity. It may also take the form of convertibility into cash or cash equivalents or a capability to reduce cash outflows, such as when an alternative manufacturing process lowers the costs of production.	
gains	Increases in economic benefits and as such no different in nature from revenue.	
general purpose financial statements	Financial statements that are intended to meet the needs of users who are not in a position to require an entity to prepare reports tailored to their particular information needs.	**IAS 1**
going concern	The financial statements are prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.	**IAS 1**
goodwill	An asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised.	**IFRS 3**
government	Government, government agencies and similar bodies whether local, national or international.	**IAS 20** **IAS 24**
government assistance	Action by government designed to provide an economic benefit specific to an entity or range of entities qualifying under certain criteria.	**IAS 20**
government grants	Assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity.	**IAS 20**
government-related entity	An entity that is controlled, jointly controlled or significantly influenced by a government.	**IAS 24**

grant date	The date at which the entity and another party (including an employee) agree to a share-based payment arrangement, being when the entity and the counterparty have a shared understanding of the terms and conditions of the arrangement. At grant date the entity confers on the counterparty the right to cash, other assets, or equity instruments of the entity, provided the specified vesting conditions, if any, are met. If that agreement is subject to an approval process (for example, by shareholders), grant date is the date when that approval is obtained.	**IFRS 2**
grants related to assets	Government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Subsidiary conditions may also be attached restricting the type or location of the assets or the periods during which they are to be acquired or held.	**IAS 20**
grants related to income	Government grants other than those related to assets.	**IAS 20**
gross investment in the lease	The aggregate of: (a) the minimum lease payments receivable by the lessor under a finance lease, and (b) any unguaranteed residual value accruing to the lessor.	**IAS 17**
group	A parent and all its subsidiaries.	**IAS 21** **IAS 27**
group administration (employee benefit) plans	An aggregation of single employer plans combined to allow participating employers to pool their assets for investment purposes and reduce investment management and administration costs, but the claims of different employers are segregated for the sole benefit of their own employees.	**IAS 19**
group of biological assets	An aggregation of similar living animals or plants.	**IAS 41**
guaranteed benefits	Payments or other benefits to which a particular policyholder or investor has an unconditional right that is not subject to the contractual discretion of the issuer.	**IFRS 4**
guaranteed element	An obligation to pay guaranteed benefits, included in a contract that contains a discretionary participation feature.	**IFRS 4**

(continued)

guaranteed residual value	(a) For a lessee, that part of the residual value that is guaranteed by the lessee or by a party related to the lessee (the amount of the guarantee being the maximum amount that could, in any event, become payable); and (b) for a lessor, that part of the residual value that is guaranteed by the lessee or by a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee.	**IAS 17**
harvest	The detachment of produce from a biological asset or the cessation of a biological asset's life processes.	**IAS 42**
hedge effectiveness	The degree to which changes in the fair value or cash flows of the hedged item that are attributable to a hedged risk are offset by changes in the fair value or cash flows of the hedging instrument.	**IAS 39**
hedged item	An asset, liability, firm commitment, highly probable forecast transaction or net investment in a foreign operation that (a) exposes the entity to risk of changes in fair value or future cash flows and (b) is designated as being hedged.	**IAS 39**
hedging instrument	A designated derivative or (for a hedge of the risk of changes in foreign currency exchange rates only) a designated non-derivative financial asset or non-derivative financial liability whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item.	**IAS 39**
held for trading	See 'financial asset or financial liability held for trading'.	**IFRS 9**
highly probable	Significantly more likely than probable.	**IFRS 5**
hire purchase contract	The definition of a lease includes contracts for the hire of an asset that contain a provision giving the hirer an option to acquire title to the asset upon the fulfilment of agreed conditions. These contracts are sometimes known as hire purchase contracts.	**IAS 17**

historical cost	A measurement basis according to which assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or in some circumstances (for example, income taxes), at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.	
hyperinflation	Loss of purchasing power of money at such a rate that comparison of amounts from transactions and other events that have occurred at different times, even within the same accounting period, is misleading. Hyperinflation is indicated by characteristics of the economic environment of a country which include, but are not limited to, the following: (a) the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power. (b) the general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency. (c) sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short. (d) interest rates, wages and prices are linked to a price index. (e) the cumulative inflation rate over three years is approaching, or exceeds, 100%.	**IAS 29**
identifiable	An asset is identifiable if it either: (a) is separable, i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so; or	**IFRS 3**

(*continued*)

	(b) arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.	
impairment loss	The amount by which the carrying amount of an asset exceeds its recoverable amount.	**IAS 16** **IAS 38**
impracticable	Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.	**IAS 1**
imputed rate of interest	The more clearly determinable of either: (a) the prevailing rate for a similar instrument of an issuer with a similar credit rating; or (b) a rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.	**IAS 18**
inception of a lease	The earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease.	**IAS 17**
income	Increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants.	
incremental borrowing rate of interest (lessee's)	The rate of interest the lessee would have to pay on a similar lease or, if that is not determinable, the rate that, at the inception of the lease, the lessee would incur to borrow over a similar term, and with a similar security, the funds necessary to purchase the asset.	**IAS 17**
indirect method of reporting cash flows from operating activities	A method whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.	**IAS 17**
initial direct costs	Incremental costs that are directly attributable to negotiating and arranging a lease, except for such costs incurred by manufacturer or dealer lessors.	**IAS 17**
insurance asset	An insurer's net contractual rights under an insurance contract.	**IFRS 4**

insurance contract	A contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.	**IFRS 4**
insurance liability	An insurer's net contractual obligations under an insurance contract.	**IFRS 4**
insurance risk	Risk, other than financial risk, transferred from the holder of a contract to the issuer.	**IFRS 4**
insured event	An uncertain future event that is covered by an insurance contract and creates insurance risk.	**IFRS 4**
insurer	The party that has an obligation under an insurance contract to compensate a policyholder if an insured event occurs.	**IFRS 4**
intangible asset	An identifiable non-monetary asset without physical substance.	**IAS 38** **IFRS 3**
interest cost (for an employee benefit plan)	The increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.	**IAS 19**
interest rate implicit in the lease	The discount rate that, at the inception of the lease, causes the aggregate present value of (a) the minimum lease payments and (b) the unguaranteed residual value to be equal to the sum of (i) the fair value of the leased asset and (ii) any initial direct costs of the lessor.	**IAS 17**
interest rate risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	**IFRS 7**
interim financial report	A financial report containing either a complete set of financial statements (as described in IAS 1) or a set of condensed financial statements for an interim period.	**IAS 34**
interim period	A financial reporting period shorter than a full financial year.	**IAS 34**
International Financial Reporting Standards (IFRSs)	Standards and Interpretations issued by the International Accounting Standards Board. They comprise: (a) International Financial Reporting Standards; (b) International Accounting Standards; (c) IFRIC Interpretations; and (d) SIC Interpretations.	**IAS 1** **IAS 8**

(*continued*)

intrinsic value	The difference between the fair value of the shares to which the counterparty has the (conditional or unconditional) right to subscribe or which it has the right to receive, and the price (if any) the counterparty is (or will be) required to pay for those shares.	**IFRS 2**
inventories	Assets: (a) held for sale in the ordinary course of business; (b) in the process of production for such sale; or (c) in the form of materials or supplies to be consumed in the production process or in the rendering of services. Inventories encompass goods purchased and held for resale including, for example, merchandise purchased by a retailer and held for resale, or land and other property held for resale. Inventories also encompass finished goods produced, or work in progress being produced, by the entity and include materials and supplies awaiting use in the production process. In the case of a service provider, inventories include the costs of the service, for which the entity has not yet recognised the related revenue (see IAS 18).	**IAS 2**
investing activities	The acquisition and disposal of long-term assets and other investments not included in cash equivalents.	**IAS 7**
investment property	Property (land or a building – or part of a building – or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business.	**IAS 40**
investor in a joint venture	A party to a joint venture that does not have joint control over that joint venture.	**IAS 31**
joint control	The contractually agreed sharing of control over an economic activity.	**IAS 24**
joint control	The contractually agreed sharing of control over an economic activity; it exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).	**IAS 28** **IAS 31**

joint venture	A contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.	**IAS 31**
jointly controlled entity	A joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest. The entity operates in the same way as other entities, except that a contractual arrangement between the venturers establishes joint control over the economic activity of the entity.	**IAS 31**
key management personnel	Those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.	**IAS 24**
lease	An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.	**IAS 17**
lease term	The non-cancellable period for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.	**IAS 17**
legal obligation	An obligation that derives from: (a) a contract (through its explicit or implicit terms); (b) legislation; or (c) other operation of law.	**IAS 37**
lessee's incremental borrowing rate of interest	The rate of interest the lessee would have to pay on a similar lease or, if that is not determinable, the rate that, at the inception of the lease, the lessee would incur to borrow over a similar term, and with a similar security, the funds necessary to purchase the asset.	**IAS 17**
liability	A present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.	**IAS 37**

(*continued*)

liability adequacy test	An assessment of whether the carrying amount of an insurance liability needs to be increased (or the carrying amount of related deferred acquisition costs or related intangible assets decreased), based on a review of future cash flows.	**IFRS 4**
liquidity risk	The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	**IFRS 7**
loans payable	Financial liabilities other than short-term trade payables on normal credit terms.	**IFRS 7**
losses	Decreases in economic benefits and as such no different in nature from other expenses.	
management commentary	A narrative report that relates to financial statements that have been prepared in accordance with IFRSs. Management commentary provides users with historical explanations of the amounts presented in the financial statements, specifically the entity's financial position, financial performance and cash flows. It also provides commentary on an entity's prospects and other information not presented in the financial statements. Management commentary also serves as a basis for understanding management's objectives and its strategies for achieving those objectives.	
market condition	A condition upon which the exercise price, vesting or exercisability of an equity instrument depends that is related to the market price of the entity's equity instruments, such as attaining a specified share price or a specified amount of intrinsic value of a share option, or achieving a specified target that is based on the market price of the entity's equity instruments relative to an index of market prices of equity instruments of other entities.	**IFRS 2**
market risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.	**IFRS 7**

master netting arrangement	An arrangement providing for an entity that undertakes a number of financial instrument transactions with a single counterparty to make a single net settlement of all financial instruments covered by the agreement in the event of default on, or termination of, any one contract.	**IAS 32**
matching of costs with revenues	A process in which expenses are recognised in the income statement [statement of comprehensive income] on the basis of a direct association between the costs incurred and the earning of specific items of income. This process involves the simultaneous or combined recognition of revenues and expenses that result directly and jointly from the same transactions or other events. However, the application of the matching concept does not allow the recognition of items in the balance sheet [statement of financial position] which do not meet the definition of assets or liabilities.	
material	Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.	**IAS 1** **IAS 8**
materiality	Information is material if omitting it or misstating it could influence decisions that users make on the basis of financial information about a specific reporting entity.	
measurement	The process of determining the monetary amounts at which the elements of the financial statements are to be recognised and carried in the balance sheet [statement of financial position] and income statement [statement of comprehensive income].	
measurement date	The date at which the fair value of the equity instruments granted is measured for the purposes of IFRS 2. For transactions with employees and others providing similar services, the measurement date is grant date. For transactions with parties other than employees (and those providing similar services), the measurement date is the date the entity obtains the goods or the counterparty renders service.	**IFRS 2**

(*continued*)

minimum lease payments	The payments over the lease term that the lessee is or can be required to make, excluding contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor, together with: (a) for a lessee, any amounts guaranteed by the lessee or by a party related to the lessee; or (b) for a lessor, any residual value guaranteed to the lessor by: (i) the lessee; (ii) a party related to the lessee; or (iii) a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee.	**IAS 17**
minority interest	See 'non-controlling interest'.	
monetary assets	Money held and assets to be received in fixed or determinable amounts of money.	**IAS 38**
monetary items	Units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency.	**IAS 21**
monetary items	Money held and items to be received or paid in money.	**IAS 29**
multi-employer (benefit) plans	Defined contribution plans (other than state plans) or defined benefit plans (other than state plans) that: (a) pool the assets contributed by various entities that are not under common control; and (b) use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.	**IAS 19**
mutual entity	An entity, other than an investor-owned entity, that provides dividends, lower costs or other economic benefits directly to its owners, members or participants. For example, a mutual insurance company, a credit union and a co-operative entity are all mutual entities.	**IFRS 3**
net assets available for benefits	The assets of a plan less liabilities other than the actuarial present value of promised retirement benefits.	**IAS 26**

net investment in a foreign operation	The amount of the reporting entity's interest in the net assets of that operation.	**IAS 21**
net investment in the lease	The gross investment in the lease discounted at the interest rate implicit in the lease.	**IAS 17**
net realisable value	The estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value refers to the net amount that an entity expects to realise from the sale of inventory in the ordinary course of business. Fair value reflects the amount for which the same inventory could be exchanged between knowledgeable and willing buyers and sellers in the marketplace. The former is an entity-specific value; the latter is not. Net realisable value for inventories may not equal fair value less costs to sell.	**IAS 2**
neutrality	Freedom from bias in the selection or presentation of financial information.	
non-adjusting events after the reporting period	See 'events after the reporting period'.	
non-cancellable lease	A lease that is cancellable only: (a) upon the occurrence of some remote contingency; (b) with the permission of the lessor; (c) if the lessee enters into a new lease for the same or an equivalent asset with the same lessor; or (d) upon payment by the lessee of such an additional amount that, at inception of the lease, continuation of the lease is reasonably certain.	**IAS 17**
non-controlling interest	The equity in a subsidiary not attributable, directly or indirectly, to a parent.	**IAS 27** **IFRS 3**
non-current asset	An asset that does not meet the definition of a current asset.	**IFRS 5**
normal capacity of production facilities	The production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance.	**IAS 2**

(*continued*)

notes	Notes contain information in addition to that presented in the statement of financial position, statement of comprehensive income, separate income statement (if presented), statement of changes in equity and statement of cash flows. Notes provide narrative descriptions or disaggregations of items presented in those statements and information about items that do not qualify for recognition in those statements.	**IAS 1**
obligating event	An event that creates a legal or constructive obligation that results in an entity having no realistic alternative to settling that obligation.	**IAS 37**
obligation	A duty or responsibility to act or perform in a certain way. Obligations may be legally enforceable as a consequence of a binding contract or statutory requirement. Obligations also arise, however, from normal business practice, custom and a desire to maintain good business relations or act in an equitable manner.	
offsetting	See 'set-off, legal right of'.	
onerous contract	A contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.	**IAS 37**
opening IFRS statement of financial position	An entity's statement of financial position at the date of transition to IFRSs.	**IFRS 1**
operating activities	The principal revenue-producing activities of an entity and other activities that are not investing or financing activities.	**IAS 7**
operating cycle	The time between the acquisition of assets for processing and their realisation in cash or cash equivalents.	**IAS 1**
operating lease	A lease other than a finance lease.	**IAS 17**
operating segment	An operating segment is a component of an entity: (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),	

	(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available.	**IFRS 8**
options, warrants and their equivalents	Financial instruments that give the holder the right to purchase ordinary shares.	**IAS 33**
ordinary equity holders	Holders of ordinary shares.	**IAS 33**
ordinary share	An equity instrument that is subordinate to all other classes of equity instruments.	**IAS 33**
other comprehensive income	Items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by other IFRSs.	**IAS 1**
other long-term employee benefits	Employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within 12 months after the end of the period in which the employees render the related service.	**IAS 19**
other price risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.	**IFRS 7**
owner-occupied property	Property held (by the owner or by the lessee under a finance lease) for use in the production or supply of goods or services or for administrative purposes.	**IAS 40**
owners	Holders of instruments classified as equity.	**IAS 1**
owners	In IFRS 3 owners is used broadly to include holders of equity interests of investor-owned entities and owners or members of, or participants in, mutual entities.	**IFRS 3**
parent	An entity that has one or more subsidiaries.	**IAS 27**
participants	The members of a retirement benefit plan and others who are entitled to benefits under the plan.	**IAS 26**

(*continued*)

past due	A financial asset is past due when a counterparty has failed to make a payment when contractually due.	**IFRS 7**
past service cost	The change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases).	**IAS 19**
percentage of completion method	The recognition of revenue and expenses by reference to the stage of completion of a contract. Under this method contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and profit which can be attributed to the proportion of work completed.	**IAS 11**
performance	The relationship of the income and expenses of an entity, as reported in the income statement [statement of comprehensive income].	
plan assets (of an employee benefit plan)	(a) assets held by a long-term employee benefit fund; and (b) qualifying insurance policies.	**IAS 19**
policyholder	A party that has a right to compensation under an insurance contract if an insured event occurs.	**IFRS 4**
post-employment benefits	Employee benefits (other than termination benefits) which are payable after the completion of employment.	**IAS 19**
post-employment benefit plans	Formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.	**IAS 19**
potential ordinary share	A financial instrument or other contract that may entitle its holder to ordinary shares.	**IAS 33**
presentation currency	The currency in which the financial statements are presented.	**IAS 21**
present value	A current estimate of the present discounted value of the future net cash flows in the normal course of business.	

present value of a defined benefit obligation	See 'defined benefit obligation (present value of)'.	**IAS 19**
previous GAAP	The basis of accounting that a first-time adopter used immediately before adopting IFRSs.	**IFRS 1**
primary financial instruments	Financial instruments, such as receivables, payables and equity securities, that are not derivative financial instruments.	**IAS 32**
prior period errors	Omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that: (a) was available when financial statements for those periods were authorised for issue; and (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.	**IAS 8**
probable	More likely than not.	**IFRS 5**
profit	The residual amount that remains after expenses (including capital maintenance adjustments, where appropriate) have been deducted from income. Any amount over and above that required to maintain the capital at the beginning of the period is profit.	
profit or loss	The total of income less expenses, excluding the components of other comprehensive income.	**IAS 1**
progress	As used in management commentary, reflects how the entity has grown or changed in the current year, as well as how it expects to grow or change in the future.	
projected unit credit method	An actuarial valuation method that sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method).	**IAS 19**
property, plant and equipment	Tangible items that:	**IAS 16**

(*continued*)

	(a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and (b) are expected to be used during more than one period.	
proportionate consolidation	A method of accounting and reporting whereby a venturer's share of each of the assets, liabilities, income and expenses of a jointly controlled entity is combined line by line with similar items in the venturer's financial statements or reported as separate line items in the venturer's financial statements.	**IAS 31**
prospective application	Prospective application of a change in accounting policy and of recognising the effect of a change in an accounting estimate, respectively, are: (a) applying the new accounting policy to transactions, other events and conditions occurring after the date as at which the policy is changed; and (b) recognising the effect of the change in the accounting estimate in the current and future periods affected by the change.	**IAS 8**
provision	A liability of uncertain timing or amount.	**IAS 37**
put options (on ordinary shares)	Contracts that give the holder the right to sell ordinary shares at a specified price for a given period.	**IAS 33**
puttable instrument	A financial instrument that gives the holder the right to put the instrument back to the issuer for cash or another financial asset or is automatically put back to the issuer on the occurrence of an uncertain future event or the death or retirement of the instrument holder.	**IAS 32**
qualifying asset	An asset that necessarily takes a substantial period of time to get ready for its intended use or sale.	**IAS 23**
qualifying insurance policy	An insurance policy issued by an insurer that is not a related party (as defined in IAS 24) of the reporting entity, if the proceeds of the policy: (a) can be used only to pay or fund employee benefits under a defined benefit plan; (b) are not available to the reporting entity's own creditors (even in bankruptcy) and cannot be paid to the reporting entity, unless either:	**IAS 19**

	(i) the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or (ii) the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.	
realisable value	The amount of cash or cash equivalents that could currently be obtained by selling an asset in an orderly disposal.	
reclassification adjustments	Amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the current or previous periods.	**IAS 1**
reclassification date	The first day of the first reporting period following the change in business model that results in an entity reclassifying financial assets.	**IFRS 9**
recognition	The process of incorporating in the balance sheet [statement of financial position] or income statement [statement of comprehensive income] an item that meets the definition of an element and satisfies the following criteria for recognition: (a) it is probable that any future economic benefit associated with the item will flow to or from the entity; and (b) the item has a cost or value that can be measured with reliability.	
recoverable amount	The higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value in use.	**IAS 16** **IAS 36** **IFRS 5**
regular way purchase or sale	A purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.	**IFRS 9**
reinsurance assets	A cedant's net contractual rights under a reinsurance contract.	**IFRS 4**
reinsurance contract	An insurance contract issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant.	**IFRS 4**
reinsurer	The party that has an obligation under a reinsurance contract to compensate a cedant if an insured event occurs.	**IFRS 4**

(*continued*)

related party	A person or entity that is related to the entity that is preparing its financial statements (in IAS 24 referred to as the '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. (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, subsidiary and fellow subsidiary is related to the others). (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member). (iii) Both entities are joint ventures of the same third party. (iv) One entity is a joint venture 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).	**IAS 24**
related party transaction	A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.	**IAS 24**

relevance	Relevant financial information is capable of making a difference in the decisions made by users. Financial information is capable of making a difference in a decision if it has predictive value, confirmatory value or both.	
reliable	Information is reliable when it is complete, neutral and free from error.	
reload feature	A feature that provides for an automatic grant of additional share options whenever the option holder exercises previously granted options using the entity's shares, rather than cash, to satisfy the exercise price.	**IFRS 2**
reload option	A new share option granted when a share is used to satisfy the exercise price of a previous share option.	**IFRS 2**
reportable segment	An operating segment for which IFRS 8 requires information to be disclosed.	**IFRS 8**
research	Original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.	**IAS 38**
residual value (of an asset)	The estimated amount that an entity would currently obtain from disposal of an asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.	**IAS 16**
restructuring	A programme that is planned and controlled by management, and materially changes either: (a) the scope of a business undertaken by an entity; or (b) the manner in which that business is conducted.	**IAS 37**
retirement benefit plans	Arrangements whereby an entity provides benefits for its employees on or after termination of service (either in the form of an annual income or as a lump sum) when such benefits, or the employer's contributions towards them, can be determined or estimated in advance of retirement from the provisions of a document or from the entity's practices. (See also 'post-employment benefit plans'.)	**IAS 26**
retrospective application	Applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied.	**IAS 8**

(*continued*)

retrospective restatement	Correcting the recognition, measurement and disclosure of amounts of elements of financial statements as if a prior period error had never occurred.	**IAS 8**
return on plan assets (of an employee benefit plan)	Interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.	**IAS 19**
revalued amount of an asset	The fair value of an asset at the date of a revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.	**IAS 16**
revenue	The gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants.	**IAS 18**
rewards associated with a leased asset	Rewards may be represented by the expectation of profitable operation over the asset's economic life and of gain from appreciation in value or realisation of a residual value.	**IAS 17**
risks associated with a leased asset	Risks include possibilities of losses from idle capacity or technological obsolescence and of variations in return because of changing economic conditions.	**IAS 17**
sale and leaseback transaction	The sale of an asset and the leasing back of the same asset. The lease payment and the sale price are usually interdependent because they are negotiated as a package.	**IAS 17**
separate financial statements	Those presented by a parent, an investor in an associate or a venturer in a jointly controlled entity, in which the investments are accounted for on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees.	**IAS 27** **IAS 28** **IAS 31**
set-off, legal right of	A debtor's legal right, by contract or otherwise, to settle or otherwise eliminate all or a portion of an amount due to a creditor by applying against that amount an amount due from the creditor.	**IAS 32**

settlement (of employee benefit obligations)	A transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan, for example, when a lump-sum cash payment is made to, or on behalf of, plan participants in exchange for their rights to receive specified post-employment benefits.	**IAS 19**
settlement date	The date that a financial asset is delivered to or by an entity.	**IFRS 9**
settlement value	The undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business.	
share-based payment arrangement	An agreement between the entity or another group entity or any shareholder of the group entity and another party (including an employee) that entitles the other party to receive: (a) cash or other assets of the entity for amounts that are based on the price (or value) of equity instruments (including shares or share options) of the entity or another group entity, or (b) equity instruments (including shares or share options) of the entity or another group entity, provided the specified vesting conditions, if any, are met.	**IFRS 2**
share-based payment transaction	A transaction in which the entity: (a) receives goods or services from the supplier of those goods or services (including an employee) in a share-based payment arrangement, or (b) incurs an obligation to settle the transaction with the supplier in a share-based payment arrangement when another group entity receives those goods or services.	**IFRS 2**
share option	A contract that gives the holder the right, but not the obligation, to subscribe to the entity's shares at a fixed or determinable price for a specific period of time.	**IFRS 2**
short seller	An entity that sells financial assets that it has borrowed and does not yet own.	**IFRS 9**
short-term employee benefits	Employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.	**IAS 19**

(*continued*)

significant influence	The power to participate in the financial and operating policy decisions of an entity, but not control over those policies. Significant influence may be gained by share ownership, statute or agreement.	**IAS 24**
spot exchange rate	The exchange rate for immediate delivery.	**IAS 21**
state (employee benefit) plan	Employee benefit plans established by legislation to cover all entities (or all entities in a particular category, for example a specific industry) and operated by national or local government or by another body (for example an autonomous agency created specifically for this purpose) which is not subject to control or influence by the reporting entity.	**IAS 19**
subsidiary	An entity, including an unincorporated entity such as a partnership, that is controlled by another entity (known as the parent).	**IAS 27** **IAS 28**
tax base of an asset or liability	The amount attributed to that asset or liability for tax purposes.	**IAS 12**
tax expense (tax income)	The aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax. Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).	**IAS 12**
taxable profit (tax loss)	The profit (loss) for a period, determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable (recoverable).	**IAS 12**
taxable temporary differences	Temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.	**IAS 12**
temporary differences	Differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. Temporary differences may be either: (a) taxable temporary differences; or (b) deductible temporary differences.	**IAS 12**
termination benefits	Employee benefits payable as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or	

	(b) an employee's decision to accept voluntary redundancy in exchange for those benefits.	IAS 19
timeliness	Means having information available to decision-makers in time to be capable of influencing their decisions.	
total comprehensive income	The change in equity during a period resulting from transactions and other events, other than those changes resulting from transactions with owners in their capacity as owners.	IAS 1
trade date	The date that an entity commits itself to purchase or sell an asset.	IFRS 9
transaction costs (financial instruments)	Incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.	IAS 39
transitional liability (defined benefit plans)	For an entity on first adopting IAS 19: (a) the present value of the obligation at the date of adoption; (b) minus the fair value, at the date of adoption, of plan assets (if any) out of which the obligations are to be settled directly; (c) minus any past service cost that shall be recognised in later periods.	IAS 19
treasury shares	An entity's own equity instruments, held by the entity or other members of the consolidated group.	IAS 32
unbundle	Account for the components of a contract as if they were separate contracts.	IFRS 4
understandability	Classifying, characterising and presenting information clearly and concisely makes it *understandable*. Financial reports are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyse the information diligently.	
unearned finance income	The difference between: (a) the gross investment in the lease, and (b) the net investment in the lease.	IAS 17
unguaranteed residual value	That portion of the residual value of the leased asset, the realisation of which by the lessor is not assured or is guaranteed solely by a party related to the lessor.	IAS 17

(*continued*)

useful life	The estimated remaining period, from the commencement of the lease term, without limitation by the lease term, over which the economic benefits embodied in the asset are expected to be consumed by the entity.	**IAS 17**
useful life	Either: (a) the period over which an asset is expected to be available for use by an entity; or (b) the number of production or similar units expected to be obtained from the asset by the entity.	**IAS 16** **IAS 36** **IAS 38**
value in use	The present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.	**IFRS 5**
value in use	The present value of the future cash flows expected to be derived from an asset or cash-generating unit.	**IAS 36**
variable production overheads	Those indirect costs of production that vary directly, or nearly directly, with the volume of production, such as indirect materials and indirect labour.	**IAS 2**
venturer	A party to a joint venture that has joint control over that joint venture.	**IAS 31**
verifiability	Verifiability means that different knowledgeable and independent observers could reach consensus, although not necessarily complete agreement, that a particular depiction is a faithful representation.	
vest	To become an entitlement. Under a share-based payment arrangement, a counterparty's right to receive cash, other assets or equity instruments of the entity vests when the counterparty's entitlement is no longer conditional on the satisfaction of any vesting conditions.	**IFRS 2**
vested benefits	Benefits, the rights to which, under the conditions of a retirement benefit plan, are not conditional on continued employment.	**IAS 26**
vested employee benefits	Employee benefits that are not conditional on future employment.	**IAS 19**

vesting conditions	The conditions that determine whether the entity receives the services that entitle the counterparty to receive cash, other assets or equity instruments of the entity, under a share-based payment arrangement. Vesting conditions are either service conditions or performance conditions. Service conditions require the counterparty to complete a specified period of service. Performance conditions require the counterparty to complete a specified period of service and specified performance targets to be met (such as a specified increase in the entity's profit over a specified period of time). A performance condition might include a market condition.	**IFRS 2**
vesting period	The period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied.	**IFRS 2**
warrant	A financial instrument that gives the holder the right to purchase ordinary shares.	**IAS 33**
weighted average cost formula	Under this formula, the cost of each item is determined from the weighted average of the cost of similar items at the beginning of a period and the cost of similar items purchased or produced during the period. The average may be calculated on a periodic basis, or as each additional shipment is received, depending upon the circumstances of the entity.	**IAS 2**
weighted average number of ordinary shares outstanding during the period	The number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor.	**IAS 33**

Index

Note: Page references in *italics* refer to Figures; those in **bold** refer to Tables