

The 13th Annual Americas School of Mines

MEX GAAP UPDATE

José Almodóvar

PwC Assurance Partner

Mexico City

*connectedthinking

PRICEWATERHOUSECOOPERS 

New Accounting Issues

Agenda

Change in Mexican Standards

New accounting pronouncements

- NIF B-7 “Business acquisitions”
- NIF B-8 “Consolidated and combined financial statements”
- NIF C-7 “Investments in associates and other permanent investments”
- NIF C-8 “Intangible assets”
- NIF D-8 “Share-based payments”

Interpretation to the Financial Reporting Standards

- INIF 14 “Contracts for real-estate-related construction, sale and services ”
- INIF 16 “Transfer of primary financial instruments from one category to another”

Relevant changes

NIF B-7 “Business acquisitions”

- Determination of whether the transaction qualifies as a business acquisition
- Treatment of expenses related to the acquisition
- Contingent price
- Restructuring treatment determined by the acquiring party
- Classification and designation of net assets of the acquired business

Relevant changes

NIF B-7 “Business acquisitions”

- Factors for determining whether a transaction is part of the exchange
- Valuation of the uncontrolled participation and goodwill
- Valuation period
- New disclosures required

Relevant changes

NIF B-8 “Consolidated and combined financial statements”

- Evaluation of the existence of control
- Presentation of nonconsolidated or individual financial statements
- Consolidation procedure
- Intercompany transactions
- Restatement is required. Transitory
- Loss of control
- Standards pertaining to permanent investments in shares
- Changes in other current NIFs – Conversion and EFE

Relevant changes

NIF C-7 “Investments in associates and other permanent investments”

- Evaluation of the existence of significant influence
- Accounting policies applied by the associate
- Preferential shares with accumulated rights
- Recognition of the associate’s losses
- Loss of significant influence
- Reformulation of comparatives required. Transitory
- Changes in other current NIFs – Impairment

Relevant changes

NIF C-8 “Intangible assets”

- Definition of intangible assets
- Definition of goodwill
- Costs as part of and intangible asset
- Exchange of assets
- Subsequent disbursements for acquired research and development projects
- Recognition of web site costs

Relevant changes

NIF C-8 “Intangible assets”

- Elimination of the presumption of a limitation on the useful life
- Consideration of the residual value of an intangible asset
- Minor disclosures in notes in the case of nonpublic entities
- Restatement is required. Transitory

Relevant changes

NIF D-8 “Share based payments”

- Adoption of NIF D-8 in 2009
- Treatment of share-based payments
- Fair value of share-based payments
- Deferred taxes
- Information required to be disclosed in notes to the financial statements
- Options for the payment of shares in times of economic volatility

INIF 14 “Contracts for real-estate-related construction, sale and services”

- Identify contract components
- Analyze each component
- Recognize the income, costs and expenses of each component

INIF 16 – “Transfer of primary financial instrument from one category to another”

The main purpose is to establish conditions to be met to transfer a primary financial instrument from one category to another, i.e., from the category of “for trade” to the category of “for sale” or “kept to maturity”, and the respective disclosures. INIF 16 was approved for issuance in January 2009, and goes into effect in years starting as from January 1, 2009. Early adoption is allowed as from October 1, 2008.

Questions

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