

# IFRS & CMB News

## New standards and amendments effective 1 January 2009 (i.e. effective for 31 March 2009 Interim reports)?

The following are a list of standards that are effective for annual periods starting on or after 1 January 2009. Please note that when a standard is effective for annual periods starting on or after 1 January 2009, this means that the standard is also effective for all interim periods starting on or after 1 January 2009. Some of these new standards and amendments have significant impact on the financial reports of IFRS users and therefore will be explained in detail.

- **IAS 1 Revised, 'Presentation of financial statements';**
- **IAS 23 Revised, 'Borrowing costs';**
- IAS 32 and IAS 1 Amendment, 'Puttable financial instruments and obligations arising on liquidation';
- IFRS 1 and IAS 27 Amendment, 'Cost of an investment on first-time adoption';
- IFRS 2 Amendment, 'Vesting conditions and cancellations';
- **IFRS 8, 'Operating segments'; and**
- IFRIC 15, 'Agreements for the construction of real estate'.

As part of the annual improvement project of IASB, similar to previous years minor changes were announced in the text of the following standards:

### Amendments - Annual Improvements project effective 1 January 2009

- IAS 1, 'Presentation of financial statements';
- IAS 16, 'Property, plant and equipment';
- IAS 19, 'Employee benefits';
- IAS 20, 'Government grants and disclosure of government assistance';
- IAS 23, 'Borrowing costs';
- 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 36, 'Impairment of assets';
- IAS 38, 'Intangible assets';
- IAS 39, 'Financial instruments: Recognition and measurement';
- IAS 40, 'Investment property'; and
- IAS 41, 'Agriculture'

Other changes effective for annual periods starting on or after 1 July 2009 (that is effective from 1 January 2010 for calendar years), available for early adoption are as follows:

### Amendments effective 1 July 2009

- IAS 27 (Revised), 'Consolidated and separate financial statements';
- IFRS 3 (Revised), 'Business combinations and consequential amendments';
- IAS 39, 'Financial instruments: Recognition and measurement – Amendments for eligible hedged items';
- IFRS 5, 'Non-current assets held for sale and discontinued operations' (May 2008 Annual Improvements project).
- IFRIC 17, 'Distributions of non-cash assets to owners'

## IAS 1 Revised

IAS 1 Revised introduces significant changes to the presentation of primary financial statements and introduces new ones. To summarize these changes we have listed below the Complete set of financial statements under the new IAS 1 Revised. Please note that the number of the minimum statements under the previous IAS 1 was only 4.

1. A statement of financial position as at the end of period;
2. **A statement of comprehensive income for the period (NEW);**
3. A statement of changes in equity for the period;
4. A statement of cash flows for the period;
5. Notes, comprising summary of significant accounting policies and other explanatory information and;
6. **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 in its financial statements (NEW).**

Please note that the Capital Markets Board has also briefed entities on this change on 28 April 2009, with the public announcement No:B02.1.SP.K.0.17-261/5368.

## IAS 23 Revised

IAS 23 (R) requires capitalisation of borrowing costs on qualifying assets, whereas previously there was a choice of capitalisation. Starting 1 January 2009 the standard is effective. Although changes from the previous version are limited, for those entities starting capitalization of borrowing costs shall read the standard very carefully as there are many complex issues related to the implementation of the standard to real life situations such as:

- Effective date and transition rules for those entities who has not early adopted the revised standard.
- Definition of qualifying assets and determination of capitalization periods
- Determination of borrowing costs (to what extent foreign currency gains/losses are to be included in borrowing costs)
- Whether costs associated with general borrowings can be capitalized.

## IFRS 8

IFRS 8 brings about fundamental changes in segment reporting, and requires segment reporting to be consistent with the management reports presented to the chief operating decision maker(s) ("CODM"). Please note that IFRS 8 is applicable for 31 March 2008 interim period and shall be applied retrospectively that is comparative information shall be presented. Other areas of interest regarding IFRS 8 are as follows:

- Use of management information as segment disclosure even if the information is NON\_GAAP (please note that this information will be audited and a reconciliation to IFRS financial statements will be presented in notes)
- Determination of CODM might be hard in complex organisational structures
- No change in aggregation criteria for reportable segments
- However more operational segments are expected to be reported by entities

## Publications

### Illustrative condensed interim financial statements 2009

**For Further help on IFRS technical issues contact:**

**Turkey IFRS Leader**

Burak Özpoyraz, Partner,  
burak.ozpoyraz@tr.pwc.com  
Tel: +90 212 326 6052

**Financial Instruments**

Mehmet Yetgin, Senior Manager  
mehmet.yetgin@tr.pwc.com  
Savas Sepin, Manager  
savas.sepin@tr.pwc.com  
Tel: +90 212 326 6040

**ISA and CMB**

Cüneyt Ertan, Senior Manager  
cuneyt.ertan@tr.pwc.com  
Tel: +90 212 326 6070  
Sertu Tali, Assistant Manager  
sertu.tali@tr.pwc.com  
Tel: +90 212 326 6060

**Business Combinations and  
Adoption of IFRS**

Aslı Gedik, Senior Manager  
asli.gedik@tr.pwc.com  
Tel: +90 212 326 6076  
Evin Tezcanlı, Manager  
evin.tezcanli@tr.pwc.com  
Tel: +90 212 326 6040  
Sertu Tali, Assistant Manager  
sertu.tali@tr.pwc.com  
Tel: +90 212 326 6060

**Liabilities, Revenue Recognition  
and Other Areas**

Aslı Gedik, Senior Manager  
asli.gedik@tr.pwc.com  
Tel: +90 212 326 6076  
Mert Güneş Sonmezsoy, Manager  
mert.sonmezsoy@tr.pwc.com  
Tel: +90 212 326 6647

**İzmir Office**

Serdar İnanc, Manager  
serdar.inanc@tr.pwc.com  
Tel: +90 232 497 7070

This newsletter has been prepared as a guide to topics of current financial reporting interest. In the interests of brevity and clarity detailed information may be omitted which nevertheless may be directly relevant to a particular entity. Action should not, therefore, be taken on the basis of this Accounting briefing alone.