



# **IAS 1**

## **PRESENTATION OF FINANCIAL STATEMENT**

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# 1

## OVERVIEW

- ❑ IAS 1 sets out general requirements for financial reporting including the structure of financial reporting, the minimum content that must be presented in the financial reporting, the concepts of going concern, and the accrual basis. , distinguish between short-term and long-term items.
- ❑ The standard requires that a complete set of Financial Statements be included:
  - Statement of Financial Position
  - Income Statement and Other Comprehensive Income
  - Statement of Change in Equity
  - Cash Flow Statement

# 1

## OVERVIEW (*cont.*)

- ❑ IAS 1 was first issued in January 1975 under the title "Presentation of accounting policies". After many changes in content, structure and name, the current version of IAS 1 was re-issued in September 2007 and is effective for Financial Reports starting from January 1<sup>st</sup>, 2009.
- ❑ Since September 2007, IAS 1 has also been revised with some minor contents according to the IFRS 2009 and 2010 Improvement Programs and the Annual Improvement Program for the 2009 - 2011 cycle.



## 2

# PURPOSE AND SCOPE

## PURPOSE

- ❑ The purpose of financial statements is to provide information about the financial position, financial results and cash flows of an entity, useful to the vast majority of users in making decisions. economic determination.
- ❑ Specifies overall requirements for the presentation of financial statements, guidance on the structure and minimum requirements for the content of reports.

## 2

## PURPOSE AND SCOPE (*cont.*)

### SCOPE

- ❑ Applicable when preparing and presenting financial statements for general purposes; Other IFRS require recognition, measurement and disclosure of specific transactions and other events.
- ❑ Except for paragraphs 15-35, this Standard does not apply to summary interim financial statements in accordance with IAS 34 – Interim financial statements.

## 2

## PURPOSE AND SCOPE (*cont.*)

### SCOPE (*cont.*)

- ❑ Entities without capital resources (covered in IAS 32, such as mutual funds and co-operatives) may be required to tailor their interpretations of specific items in their financial statements to the interests of their members or the interests of their members. benefit of fund owners.



3

## GENERAL EFFECTS

- ❑ IAS 1 requires the Statement of Comprehensive Income to be presented in two parts: the Statement of Other Comprehensive Income (OCI) and the Statement of Profit and Loss (P/L).
- ❑ As well as recognizing **Other Comprehensive Income (OCI)**, IAS 1 also requires the presentation of an Equity item on the Balance Sheet, known as “**Other Components of Equity**”.



### 3

## GENERAL EFFECTS (*cont.*)

- ❑ As required by IAS 1 - The Income Statement shows all income and losses of the entity during the period, except where income or expenses arise from changes in carrying amount of assets or liabilities are recorded in the "Statement of Other Comprehensive Income" and the target "Other components of Equity" on the Balance Sheet. The indicators "Other components of Equity" **will be transferred to the Income Statement in the next accounting period when they meet the conditions** to be recognized in the Income Statement.

### 3

## GENERAL EFFECTS (*cont.*)

- ❑ According to this requirement, the current income statement according to VAS standards will change, some profits/losses will be excluded and transferred to Other Comprehensive Income (OCI).
- ❑ The OCI report presents two specific types of transactions:
  - **Transactions presented in the Income Statement** include exchange rate differences, fair value changes (except for fixed asset revaluations), cash flow hedging
  - **Transactions not presented in the Income Statement:** Revaluation of fixed assets, Profit or loss from financial assets...

### 3

## GENERAL EFFECTS (cont.)

### Example:

Statement of Other comprehensive income (OCI):

Cho năm tài chính kết thúc ngày 31/12/2020		
Đơn vị triệu USD	2020	2019
Thu nhập toàn diện khác, sau thuế:		
Các giao dịch sẽ không được ghi nhận trong Báo cáo kết quả hoạt động kinh doanh:		
Đo lường lại nghĩa vụ sau nghỉ hưu	XX	XXX
Thay đổi ròng về giá trị hợp lý của các khoản đầu tư FVOCI	XX	XXX
Các khoản mục sau đó sẽ được ghi nhận thành lãi hoặc lỗ:		
Chênh lệch tỷ giá	XX	XXX
Thay đổi giá trị hợp lý của dự phòng đầu tư ròng (investment hedges)	XX	XXX
Thay đổi giá trị hợp lý cho dự phòng rủi ro dòng tiền (cash flow hedges)	XX	XXX
Dự phòng rủi ro dòng tiền được phân loại vào báo cáo lãi lỗ	XX	XXX
Thay đổi ròng về giá trị hợp lý của các khoản đầu tư FVOCI	XX	XXX
Chi phí bảo hiểm rủi ro	XX	XXX
Chia sẻ thu nhập toàn diện khác của công ty liên kết/liên doanh	XX	XXX
Thu nhập toàn diện khác, sau thuế	XX	XXX
Tổng thu nhập toàn diện	XX	XXX
Phân bổ cho:		
Cổ đông của Công ty	XX	XXX
Lợi ích cổ đông không kiểm soát	XX	XXX
Tổng thu nhập toàn diện	XX	XXX



## 4 COMPARE IAS 1 AND VAS 21 – PRESENTATION OF FINANCIAL STATEMENT

### Comparative content:

- Components of Financial Reporting
- Classification between short term and long term
- Form of Financial Report
- Income Statement/ Other Comprehensive Income Statement
- Dividend disclosure
- Change in Equity

## 4 COMPARE IAS 1 AND VAS 21 – PRESENT FINANCIAL STATEMENT (*cont.*)

Content	IAS 1	VAS 21
<b>Components of Financial Statement</b>	<p>Minimum mandatory requirements:</p> <ul style="list-style-type: none"> <li>a) Balance Sheet</li> <li>b) Income Statement or Other Comprehensive Income Statement (separate or combine)</li> <li>c) Statement of Changes in Equity</li> <li>d) Cash Flow Statement</li> <li>e) Notes, including a summary of significant accounting policies and other explanatory information.</li> <li>f) Information compared to previous periods.</li> <li>g) Balance sheet at the beginning of the most recent comparison period (when applying changes/retroactivity in accounting policies, reallocating, classifying items)</li> </ul>	<p>Minimum mandatory requirements:</p> <ul style="list-style-type: none"> <li>a) Balance Sheet</li> <li>b) Income Statement</li> <li>c) Statement of Changes in Equity during the period as presented in the Notes</li> <li>d) Cash Flow Statement</li> <li>e) Notes</li> </ul>

## 4 COMPARE IAS 1 AND VAS 21 – PRESENT FINANCIAL STATEMENT (*cont.*)

Content	IAS 1	VAS 21
<b>The different between short term and long term</b>	<p>The report will be presented separately between short-term assets and long-term assets, short-term liabilities and long-term liabilities.</p> <p>Or items on the statement are presented on a decrease of liquidity basis to provide more reliable and relevant information..</p>	<p>The report will be presented separately between short-term assets and long-term assets, short-term liabilities and long-term liabilities.</p>
<b>Maturity date of assets and liabilities</b>	<p>The report must disclose the realization date of both assets and liabilities to assess the liquidity and solvency of those items.</p>	<p>Different requirements for each element of the financial statements, depending on the original maturity or remaining liquidity period.</p>



## 4 COMPARE IAS 1 AND VAS 21 – PRESENT FINANCIAL STATEMENT (*cont.*)

Content	IAS 1	VAS 21
<b>Income Statement and Other comprehensive income</b>	<p>There are two optional formats:</p> <p>a) Only prepare Other Comprehensive Income Statement</p> <p>b) Separate two reports including: Income statement (P/L) and Other comprehensive income report (OCI)</p> <p>Classification: according to the function of the cost or according to the nature of the cost (according to appropriate and reliable and relevant criteria).</p>	Only prepare Income Statement
<b>Form of Balance sheet</b>	Not require.	<p>The balance sheet is presented in specific regulations and instructions.</p>

## 4 COMPARE IAS 1 AND VAS 21 – PRESENT FINANCIAL STATEMENT *(cont.)*

Content	IAS 1	VAS 21
<b>Dividend disclosure</b>	Presented in the notes or in the statement of changes in equity.	Businesses should present the dividend amount per share, date of announcement or proposed payment. This information is presented in the notes.
<b>Change in Equity</b>	Presented in the following sections (4): a) Profit or Loss b) Capital transactions with owners and distribution to owners. c) Beginning, Ending accumulated profit or loss and fluctuations during the period. d) Reconciliation table between the remaining value of each type of share capital, share capital surplus, each return at the beginning of the period, each change in the period.	As present in the Note.

## 4 COMPARE IAS 1 AND VAS 21 – PRESENT FINANCIAL STATEMENT (*cont.*)

Tasks that need to be done :

- ☐ It is necessary to prepare a statement of changes in equity at the date of conversion of financial statements.
- ☐ Understand the nature and requirements of Other Comprehensive Income, clearly classifying between "items not to be reclassified" and "items to be reclassified".
- ☐ Identify the transactions included in Other Comprehensive Income at the conversion date.
- ☐ Estimate the impact of adopting the changes on the Income Statement and Other Comprehensive Income.
- ☐ Identify key differences between short-term and long-term items on the Balance Sheet, impacting financial metrics and loan covenants.




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