

Disclosure Initiative (Amendments to FRS 101)

This Addendum sets out the amendments to FRS 101 Presentation of Financial Statements. An entity shall apply the amendments in this Addendum for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Paragraphs 10, 31, 54–55, 82A, 85, 113–114, 117, 119 and 122 are amended, paragraphs 30A, 55A, 85A–85B and 139P are added and paragraphs 115 and 120 are deleted. Paragraphs 29–30, 112, 116, 118 and 121 have not been amended but are included for ease of reference. Deleted text is struck through and new text is underlined.

Complete set of financial statements

10 A complete set of financial statements comprises:

- (a) a statement of financial position as at the end of the period;**
- (b) a statement of profit or loss and other 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;**
- (ea) comparative information in respect of the preceding period as specified in paragraphs 38 and 38A; and**
- (f) a statement of financial position as at the beginning of the preceding 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 in accordance with paragraphs 40A–40D.**

An entity may use titles for the statements other than those used in this Standard. For example, an entity may use the title ‘statement of comprehensive income’ instead of ‘statement of profit or loss and other comprehensive income’.

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Materiality and aggregation

29 An entity shall present separately each material class of similar items. An entity shall present separately items of a dissimilar nature or function unless they are immaterial.

30 Financial statements result from processing large numbers of transactions or other events that are aggregated into classes according to their nature or function. The final stage in the process of aggregation and classification is the presentation of condensed and classified data, which form line items in the financial statements. If a line item is not individually material, it is aggregated with other items either in those statements or in the notes. An item that is not sufficiently material to warrant separate presentation in those statements may warrant separate presentation in the notes.

30A When applying this and other FRSs an entity shall decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity shall not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

31 Some FRSs specify information that is required to be included in the financial statements, which include the notes. An entity need not provide a specific disclosure required by an FRS if the information resulting from that disclosure is not material. This is the case even if the FRS contains a list of specific requirements or describes them as minimum requirements. An entity shall also consider whether to provide additional disclosures when compliance with the specific requirements in FRS is insufficient to enable users of financial statements to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

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Information to be presented in the statement of financial position

54 ~~As a minimum, t~~The statement of financial position shall include line items that present the following amounts:

(a) ...

55 An entity shall present additional line items (including by disaggregating the line items listed in paragraph 54), headings and subtotals in the statement of financial position when such presentation is relevant to an understanding of the entity's financial position.

55A When an entity presents subtotals in accordance with paragraph 55, those subtotals shall:

(a) be comprised of line items made up of amounts recognised and measured in accordance with FRS;

(b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;

(c) be consistent from period to period, in accordance with paragraph 45; and

(d) not be displayed with more prominence than the subtotals and totals required in FRS for the statement of financial position.

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Information to be presented in the other comprehensive income section

82A The other comprehensive income section shall present line items for ~~the amounts of other comprehensive income in the period, classified by nature (including share of the other comprehensive income of associates and joint ventures accounted for using the equity method) and grouped into those that, in accordance with other FRSs for the period of:~~

(a) items of other comprehensive income (excluding amounts in paragraph (b)), classified by nature and grouped into those that, in accordance with other FRSs:

- ~~(a)(i)~~ will not be reclassified subsequently to profit or loss; and
- ~~(b)(ii)~~ will be reclassified subsequently to profit or loss when specific conditions are met.
- (b) the share of the other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that, in accordance with other FRSs:**
 - (i) will not be reclassified subsequently to profit or loss; and**
 - (ii) will be reclassified subsequently to profit or loss when specific conditions are met.**

...

85 An entity shall present additional line items (including by disaggregating the line items listed in paragraph 82), headings and subtotals in the statement(s) presenting profit or loss and other comprehensive income when such presentation is relevant to an understanding of the entity's financial performance.

85A When an entity presents subtotals in accordance with paragraph 85, those subtotals shall:

- (a) be comprised of line items made up of amounts recognised and measured in accordance with FRS;**
- (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;**
- (c) be consistent from period to period, in accordance with paragraph 45; and**
- (d) not be displayed with more prominence than the subtotals and totals required in FRS for the statement(s) presenting profit or loss and other comprehensive income.**

85B An entity shall present the line items in the statement(s) presenting profit or loss and other comprehensive income that reconcile any subtotals presented in accordance with paragraph 85 with the subtotals or totals required in FRS for such statement(s).

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Structure

- 112 The notes shall:
- (a) present information about the basis of preparation of the financial statements and the specific accounting policies used in accordance with paragraphs 117–124;
 - (b) disclose the information required by FRSs that is not presented elsewhere in the financial statements; and
 - (c) provide information that is not presented elsewhere in the financial statements, but is relevant to an understanding of any of them.
- 113 An entity shall, as far as practicable, present notes in a systematic manner. In determining a systematic manner, the entity shall consider the effect on the understandability and comparability of its financial statements. An entity shall cross-reference each item in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows to any related information in the notes.
- 114 ~~An entity normally presents notes in the following order, to assist users to understand the financial statements and to compare them with financial statements of other entities:~~ Examples of systematic ordering or grouping of the notes include:
- (a) giving prominence to the areas of its activities that the entity considers to be most relevant to an understanding of its financial performance and financial position, such as grouping together information about particular operating activities;
 - (b) grouping together information about items measured similarly such as assets measured at fair value; or
 - (c) following the order of the line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position, such as:
 - ~~(a)~~(i) statement of compliance with FRSs (see paragraph 16);

- ~~(b)~~(ii) ~~summary of significant accounting policies applied (see paragraph 117);~~
- ~~(c)~~(iii) supporting information for items presented in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows, in the order in which each statement and each line item is presented; and
- ~~(d)~~(iv) other disclosures, including:
 - ~~(i)~~(1) contingent liabilities (see FRS 137) and unrecognised contractual commitments; and
 - ~~(ii)~~(2) non-financial disclosures, eg the entity's financial risk management objectives and policies (see FRS 7).

115 ~~[Deleted by IASB] In some circumstances, it may be necessary or desirable to vary the order of specific items within the notes. For example, an entity may combine information on changes in fair value recognised in profit or loss with information on maturities of financial instruments, although the former disclosures relate to the statement(s) presenting profit or loss and other comprehensive income and the latter relate to the statement of financial position. Nevertheless, an entity retains a systematic structure for the notes as far as practicable.~~

116 An entity may present notes providing information about the basis of preparation of the financial statements and specific accounting policies as a separate section of the financial statements.

Disclosure of accounting policies

- 117 **An entity shall disclose ~~in the summary of its significant accounting policies~~ comprising:**
- (a) the measurement basis (or bases) used in preparing the financial statements; and**
 - (b) the other accounting policies used that are relevant to an understanding of the financial statements.**

- 118 It is important for an entity to inform users of the measurement basis or bases used in the financial statements (for example, historical cost, current cost, net realisable value, fair value or recoverable amount) because the basis on which an entity prepares the financial statements significantly affects users' analysis. When an entity uses more than one measurement basis in the financial statements, for example when particular classes of assets are revalued, it is sufficient to provide an indication of the categories of assets and liabilities to which each measurement basis is applied.
- 119 In deciding whether a particular accounting policy should be disclosed, management considers whether disclosure would assist users in understanding how transactions, other events and conditions are reflected in reported financial performance and financial position. Each entity considers the nature of its operations and the policies that the users of its financial statements would expect to be disclosed for that type of entity. Disclosure of particular accounting policies is especially useful to users when those policies are selected from alternatives allowed in FRSs. An example is disclosure of whether an entity applies the fair value or cost model to its investment property (see FRS 140 *Investment Property*). Some FRSs specifically require disclosure of particular accounting policies, including choices made by management between different policies they allow. For example, FRS 116 requires disclosure of the measurement bases used for classes of property, plant and equipment.
- 120 ~~[Deleted by IASB] Each entity considers the nature of its operations and the policies that the users of its financial statements would expect to be disclosed for that type of entity. For example, users would expect an entity subject to income taxes to disclose its accounting policies for income taxes, including those applicable to deferred tax liabilities and assets. When an entity has significant foreign operations or transactions in foreign currencies, users would expect disclosure of accounting policies for the recognition of foreign exchange gains and losses.~~
- 121 An accounting policy may be significant because of the nature of the entity's operations even if amounts for current and prior periods are not material. It is also appropriate to disclose each significant accounting policy that is not specifically required by

FRSs but the entity selects and applies in accordance with FRS 108.

- 122 **An entity shall disclose, ~~in the summary of~~ along with its significant accounting policies or other notes, the judgements, apart from those involving estimations (see paragraph 125), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.**

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Transition and effective date

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- 139P Disclosure Initiative (Amendments to FRS 101) issued in January 2015 amended paragraphs 10, 31, 54–55, 82A, 85, 113–114, 117, 119 and 122, added paragraphs 30A, 55A and 85A–85B and deleted paragraphs 115 and 120. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. Entities are not required to disclose the information required by paragraphs 28–30 of FRS 108 in relation to these amendments.

Consequential amendments to FRS 7 *Financial Instruments: Disclosures*

This Addendum sets out amendments to FRS 7 Financial Instruments: Disclosures that are a consequence of the MASB issuing Disclosure Initiative (Amendments to FRS 101). An entity shall apply those amendments for annual periods beginning on or after 1 January 2016. Earlier application of Disclosure Initiative (Amendments to FRS 101) is permitted. If an entity applies those amendments earlier it shall apply all amendments included in Disclosure Initiative (Amendments to MRS 101) at the same time.

Paragraph 21 is amended and paragraph 44BB is added. Deleted text is struck through and new text is underlined.

Paragraphs 44N-44AA were amended by the following FRSs and are listed here for ease of reference:

Paragraph	Document title
44N	FRS 9 <i>Financial Instruments</i> (IFRS 9 <i>Financial Instruments</i> issued by IASB in October 2010) and subsequently deleted by FRS 9 <i>Financial Instruments</i> (IFRS 9 <i>Financial Instruments</i> issued by IASB in July 2014)
44O	FRS 10 <i>Consolidated Financial Statements</i> and FRS 11 <i>Joint Arrangements</i>
44P	FRS 13 <i>Fair Value Measurement</i>
44Q	<i>Presentation of Items of Other Comprehensive Income</i> (Amendments to FRS 101)
44R	<i>Disclosures—Offsetting Financial Assets and Financial Liabilities</i> (Amendments to FRS 7)

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Paragraph	Document title
44S-44W	<i>Mandatory Effective Date of FRS 9 and Transition Disclosures</i> (Amendments to FRS 9 (IFRS 9 issued by IASB in November 2009), FRS 9 (IFRS 9 issued by IASB in October 2010) and FRS 7) and subsequently deleted by FRS 9 <i>Financial Instruments</i> (IFRS 9 <i>Financial Instruments</i> as issued by IASB in July 2014)
44X	<i>Investment Entities</i> (Amendments to FRS 10, FRS 12 and FRS 127)
44Y	FRS 9 <i>Financial Instruments</i> (IFRS 9 <i>Financial Instruments</i> issued by IASB in November 2013) and subsequently deleted by FRS 9 <i>Financial Instruments</i> (IFRS 9 <i>Financial Instruments</i> as issued by IASB in July 2014)
44Z-ZA	FRS 9 <i>Financial Instruments</i> (IFRS 9 <i>Financial Instruments</i> as issued by IASB in July 2014)
44AA	<i>Annual Improvements to FRSs 2012-2014 Cycle</i>

Accounting policies

- 21 In accordance with paragraph 117 of FRS 101 *Presentation of Financial Statements*, an entity discloses, ~~in the summary of its~~ significant accounting policies, comprising the measurement basis (or bases) used in preparing the financial statements and the other accounting policies used that are relevant to an understanding of the financial statements.

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Effective date and transition

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44BB Disclosure Initiative (Amendments to FRS 101) issued in January 2015 amended paragraphs 21 and B5. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016. Earlier application of those amendments is permitted.

In Appendix B, paragraph B5 is amended. Deleted text is struck through and new text is underlined.
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Other disclosure - accounting policies (paragraph 21)

B5 Paragraph 21 requires disclosure of the measurement basis (or bases) used in preparing the financial statements and the other accounting policies used that are relevant to an understanding of the financial statements. For financial instruments, such disclosure may include:

(a) ...

Paragraph 122 of FRS 101 also requires entities to disclose, ~~in the summary of~~ along with its significant accounting policies or other notes, the judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Consequential amendments to FRS 134 *Interim Financial Reporting*

This Addendum sets out amendments to FRS 134 Interim Financial Reporting that are a consequence of the MASB issuing Disclosure Initiative (Amendments to FRS 101). An entity shall apply those amendments for annual periods beginning on or after 1 January 2016. Earlier application of Disclosure Initiative (Amendments to FRS 101) is permitted. If an entity applies those amendments earlier it shall apply all amendments included in Disclosure Initiative (Amendments to FRS 101) at the same time.

Paragraph 5 is amended and paragraph 57 is added. Deleted text is struck through and new text is underlined.

Content of an interim financial report

5 FRS 101 defines a complete set of financial statements as including the following components:

...

(e) notes, comprising a ~~summary~~ of significant accounting policies and other explanatory information;

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Effective date

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57 Disclosure Initiative (Amendments to FRS 101) issued in January 2015 amended paragraph 5. An entity shall apply that amendment for annual periods beginning on or after 1 January 2016. Earlier application of that amendment is permitted.