
IAS - 1

Presentation of Financial Statements

International Accounting Standard No 1 (IAS 1)

Presentation of Financial Statements

This revised Standard replaces IAS 1 (revised 1997) Presentation of Financial Statements and will apply for annual periods beginning on or after January 1, 2005. Earlier application is encouraged.

Objective

1. The objective of this Standard is to lay the groundwork for the submission of financial statements for purposes of general information to ensure that they are comparable, both with the financial statements of the same entity in prior years, as with those of various other entities. To achieve this objective, the Standard states, firstly, general requirements for submitting financial statements, and then provides guidelines for determining its structure, while laying down minimum requirements on its contents. Both the recognition, as the valuation and disclosure on certain transactions and other events, are addressed in other Standards and Interpretations.

Scope

2. **This rule applies to all types of financial statements for purposes of general information, which are drafted and presented in accordance with the International Financial Reporting Standards (IFRS).**
3. The financial statements for purposes of general information are those who seek to meet the needs of users who are not in a position to demand reports tailored to their specific needs for information. The financial statements for purposes of general information include those who presented separately, or in another document of a public nature as the annual report or a brochure or information leaflet stock. This rule does not apply to the structure and content of interim financial statements which present a condensed form and are prepared in accordance with IAS 34 interim financial reporting. However, paragraphs 13 to 41 shall apply to such statements. The rules set out in this standard will be applied equally to all entities, regardless of whether developed or separated consolidated financial statements, as defined in IAS 27 Consolidated Financial Statements and separated.
4. [Repealed]
5. This standard uses the terminology-profit entities, including those belonging to the public sector. The purpose entities that do not pursue profit, and belong to the private sector or public, or any kind of public service, if they wish to apply this standard could be forced to change the descriptions used for certain items in the financial statements, and even change the names of the financial statements.
6. Likewise, entities that have no net worth, as defined in IAS 32 Financial Instruments: Presentation (for example, some investment funds), and those entities whose capital is not equity (for example, some entities cooperatives) Might need to adapt the presentation of the shares of its members or participants in the financial statements.

Purpose of Financial Statements

7. The financial statements are a representation of structured financial position and financial performance of the entity. The objective of financial statements for purposes of general information is to provide information about the financial position, financial performance and cash flows of the entity; it is useful to a wide variety of users to take their economic decisions. The financial statements also show the results of management by managers with the resources entrusted to them. To meet this objective, the financial statements provide information about the following elements of the entity:

(a) assets;

(b) liabilities;

(c) net worth;

(a) expenditures and revenues, which include gains and losses;

(b) other changes in equity;

(c) cash flows.

This information, along with that contained in the notes, will help users predict future cash flows, and in particular the timing and degree of certainty for them.

Components of financial statements

8. **A complete set of financial statements include the following components:**

(a) stock;

(b) income statement;

(c) a statement of changes in equity showing:

(i) all changes in equity, or

(ii) changes in equity other than those from transactions with owners thereof, when acting as such;

(d) cash flow statement;

(e) notes, which will include a summary of significant accounting policies and other explanatory notes.

9. Many entities present, apart from the financial statements, a financial analysis prepared by management that describes and explains the main features of performance and financial position of the entity, as well as the most important uncertainties facing. This report may include a review of:

(a) the main factors and influences that have shaped the financial performance, including changes in the environment in which the entity operates, the response that the entity has given these changes and their effect, as well as investment policy that continues to maintain and improve it, including its dividend policy;

(b) the sources of funding for the institution and its objective regarding the ratio of debts on equity;

(c) the resources of the entity whose value is not reflected in the balance sheet has been prepared in accordance with IFRS.

10. Many entities also present, in addition to its financial statements, reports and other statements, such as those relating to the state of value added or environmental information, particularly in industries where workers are considered an important group of users or environmental factors are significant, respectively. These reports and statements submitted separate financial statements remain outside the scope of IFRS.

Definitions

11. **The following terms are used in this standard, with the meanings specified below:**

Impracticable: The implementation of a requirement would be unworkable when the entity can not apply it after every reasonable effort to do so.

Materiality (or materiality): The inaccuracies or omissions of material items are (or have relative importance) if they can, individually or as a whole, influence the economic decisions taken by users based on the financial statements. Materiality depends on the extent and nature of the omission or inaccuracy, prosecuted depending on the particular circumstances in which they were produced. The extent or nature of the item or a combination of both could be the determining factor.

International Financial Reporting Standards (IFRS) are the standards and interpretations adopted by the Council of International Accounting Standards (IASB). Those standards include:

(a) International Financial Reporting Standards;

(b) International Accounting Standards;

(c) Interpretations originated by the Committee on International Financial Reporting Interpretations (IFRIC) or the former Interpretations (SIC).

Notes: They contain additional information to that submitted in the balance sheet, income statement, statement of changes in equity and cash flow statement. They provide descriptions or narrative disaggregation of such statements and contain information on items that do not meet the criteria for being recognized in those states.

12. To assess when an omission or misstatement could influence the economic decisions of users, considering that material or relative importance, will take into account the characteristics of such users. The Framework for the Preparation and Presentation of Financial Statements provides in paragraph 25, that "it is assumed that users have a reasonable knowledge of economic activities and the business world, as well as its accounting, and also will study the information with reasonable diligence." Accordingly, the assessment will take into account how that can be expected, on reasonable terms; users with the features described are influenced in making economic decisions.

General considerations

Image and faithful compliance with IFRS

13. **The financial statements reflect accurately the situation, financial performance and cash flows of the entity. The true picture requires the faithful representation of the effects of transactions and other events and conditions, according to the definitions and criteria for the recognition of assets, liabilities, revenues and expenses fixed in the Framework. It is presumed that the implementation of IFRS, together with additional information when necessary, will result in financial statements that provide a fair presentation.**
14. **Any entity whose financial statements comply with IFRS made in the notes, a statement, explicit and unreserved compliance. Financial statements were not declared to satisfy the IFRS unless they meet all these requirements.**
15. In almost all cases, the fair presentation will be achieved by complying with the applicable IFRS. A fair presentation also requires that the entity:
- (a) Select and implement accounting policies in accordance with IAS 8 Accounting policies, changes in accounting estimates and errors. In IAS 8 establishes a hierarchy to

consider the direction in the absence of a standard or interpretation applies specifically to a game.

(b) Provide information, including information on accounting policies, so that is relevant, reliable, comparable and understandable.

(c) Provide additional information provided that the requirements for IFRS are insufficient to allow users to understand the impact of certain transactions, other events or conditions on the situation and the financial performance of the entity.

16. **The accounting policies are inadequate not legitimized by the fact of giving information about them, nor the inclusion of letters or other explanatory material about it.**
17. **In the extremely rare circumstance that the leadership concludes that comply with a requirement set out in a standard or interpretation, leading to confusion as to conflict with the objective of financial statements established in the Conceptual Framework, the entity does not apply, as provided in paragraph 18, provided that the regulatory framework applicable require either does not prohibit, this lack of implementation.**
18. **When an entity not implement a requirement set out in a standard or a Interpretation, in accordance with paragraph 17, will reveal information about the following:**
 - (a) **that management has concluded that the financial statements present fairly the financial position and financial performance and cash flows;**
 - (b) **has been complied with the applicable rules and interpretations, except in the case of the requirement not applied to achieve a fair presentation;**
 - (c) **the title of the Standard Interpretation or entity that has ceased to apply, the nature of dissent, with treatment that the Standard Interpretation or required, why confuse that treatment so that came into conflict with The objective of financial statements set in the Framework as well as alternative treatment applied;**
 - (d) **for each year on which such information is filed, the financial impact that has described the lack of implementation on each item of financial statements that had been submitted in compliance with the requirement in question.**
19. **If an institution had ceased to apply in any previous year, a requirement set out in a standard or an interpretation, and such derogation affect the amounts recognized in the financial statements of the current financial year, disclosed the**

information set out in paragraphs 18 (c) And (d).

20. Paragraph 19 would apply, for example, when an entity failed in a previous year, a requirement set out in a standard or interpretation for the valuation of assets or liabilities, and this lack of application affect the valuation of changes in assets and liabilities recognized in the financial statements of the current financial year.
21. **In the extremely rare circumstance that the leadership concludes that comply with a requirement set out in a standard or interpretation, leading to confusion as to conflict with the objective of financial statements established in the Conceptual Framework, but the regulatory framework will ban fail to implement this requirement, the entity must reduce as far as practicable those aspects of performance that perceived as causing confusion by revealing the following information:**
- (a) The title of the Standard Interpretation or concerned, the nature of the invitation, as well as why management has concluded that compliance with the same confuse so that would conflict with the objective of the financial statements set out in the Framework;**
- (b) for each year presented, adjustments to each item of financial statements that management has concluded that it would take to achieve the true picture.**
22. For the purposes of paragraphs 17 to 21, a game would conflict with the objective of financial statements when they do not represent faithfully the transactions, as well as other events and conditions which should represent, or could reasonably be expected to represent and consequently, was likely to influence economic decisions taken by users from the financial statements. In assessing whether the performance of a specific requirement, established in a standard or interpretation, could be confusing and conflict with the objective of financial statements established in the Conceptual Framework, the management will consider the following aspects:
- (a) why is not reached the objective of financial statements, in the particular circumstances that are weighing;
- (b) the form and extent that the circumstances of the entity differ from those in other entities that comply with the requirement in question. If other entities comply with this requirement in similar circumstances, there is a rebuttable presumption that compliance with the requirement by the entity, it would be confusing or conflicting with the objective of financial statements established in the Framework.

Assumptions going concern basis

23. **In preparing the financial statements, management will evaluate the ability of the entity to go into operation. The financial statements are prepared under the assumption going concern basis, unless management intends to liquidate the entity or cease their activity or there is no realistic alternative but to come from one of these forms. When the direction by making this assessment, be aware of the existence of significant uncertainties related to events or conditions that may provide significant doubts about the possibility that the entity continues to operate normally, proceed to reveal the financial statements. In the event that the financial statements are not prepared under the assumption going concern basis, such disclosure will be made explicit, along with the assumptions on which alternatives have been developed, as well as the reasons for which the entity cannot be considered as a going concern basis.**
24. In assessing whether the assumptions going concern basis is appropriate, the leadership will take into account all the information available for the future, which should cover at least, but not limited to, twelve months from the date of the balance sheet. The level of detail of the considerations depend on the facts that occur in each case. When the institution has a history of profitable exploitation, as well as access to financial resources, the conclusion that the assumptions used in business operation is what is appropriate, be achieved without making an in-depth analysis. In other cases, the address before convince itself that the assumption of continuity is appropriate, would weigh a range of factors related to current and expected profitability, the timing of debt payments and potential sources of Replacement of existing funding.

Assumptions of accrual accounting

25. **Except in matters relating to information on cash flows, the entity will prepare its financial statements using the assumption of accrual accounting.**
26. When using the assumptions of accrual accounting, the items are recognized as assets, liabilities, equity, income and expenses (the elements of financial statements), when satisfy the definitions and criteria for recognition under the Framework for such elements.

Uniformity in the presentation

27. The presentation and classification of items in the financial statements be kept from one year to another, unless:
- (a) following a change in the nature of the activities of the entity or a revision of its financial statements, it becomes apparent that it would be more appropriate another presentation or another classification, taking into account the criteria for the selection and application of accounting policies IAS 8, or

(b) a Standard Interpretation or require a change in presentation.

28. A significant acquisition or disposition, or a review of the submission of financial statements, could suggest that these financial statements need to be presented in different ways. In these cases, the entity will change the presentation of its financial statements only if the change provides more reliable and relevant information to users of financial statements, and the new structure would likely to continue, so that comparability would not be harmed. When such changes take place in the presentation, the entity reclassified comparative information in accordance with paragraphs 38 and 39.

Materiality or relative importance and grouping data

29. Each class of similar items, which holds enough relative importance, must be filed separately in the financial statements. Items of different nature or function must be submitted separately, unless they are not material.
30. The financial statements are the product obtained from processing large amounts of transactions and other events, which are grouped by classes, according to their nature or function. The final stage of the process of classification and grouping consist of the presentation of classified data and condensates, which will form the content of the items, as they appear on the balance sheet, the income statement, statement of changes in equity, in the cash flow statement or in footnotes. If a particular item is not material or had no relative importance in itself, will be added with other items, either in the body of the financial statements or in footnotes. One item that does not have sufficient materiality as to require separate presentation in the financial statements may, however, have to be filed separately in the notes.
31. The application of the concept of materiality means that you will not need to serve a specific request for information, a standard or an interpretation, if the information is irrelevant relative.

Compensation

32. **Do not be offset assets with liabilities, income or expenses, except where compensation is required or permitted by any standard or interpretation.**
33. It is important that both items of assets and liabilities, such as cost and income, are presented separately. The compensation items, either in the balance sheet or the income limits the ability of users to understand both transactions, like other events and circumstances that have occurred, as well as to assess the future cash flows of the entity, except in cases where compensation is a reflection of the merits of the transaction or event in question. The presentation of the net assets value of corrections - for example when submitting stocks net value adjustments for obsolescence and net debts

of customers of corrections for bad debts-not constitute a case of offsetting items.

34. In IAS 18 Revenue, defined the concept of regular income and are required to measure it according to the fair value of the contribution, received or receivable, taking into account the amount of any discounts and rebates for commercial sales that are charged by the entity. An entity will carry out in the normal course of their activities, other transactions incidental to the activities that generate regular income more important. The results of such transactions will be presented offsetting revenue with the costs of the same transaction, provided that this type of presentation reflects the substance of the transaction. For example:
- (a) the loss or gain on the sale or other disposition by way of non-current assets, including certain financial investments and non-current assets from exploitation, are usually present net, deducting the amount received from the sale, the carrying amount of assets and selling expenses; and
 - (b) disbursements related to provisions recognized in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, which has been reimbursed to the entity as a result of a contractual agreement with third parties (for example, a security agreement of products covered by one supplier), be compensated with reimbursements actually received.
35. In addition, losses or gains that come from a group of similar transactions, will be presented offsetting the amounts due, as for example in the case of exchange differences in foreign currency, or in the event of losses or gains arising from financial instruments held for trading. However, will be presented such gains or losses separately if they have materiality.

Comparative Report

36. **Unless a Standard Interpretation or otherwise permitted or required, comparative information with respect to the previous year, will be presented to all quantitative information included in the financial statements. The comparative information should also include information in a descriptive and narrative where this is relevant for proper understanding of the financial statements of the current financial year.**
37. In some cases, the descriptive information provided in the financial statements of previous years, remains relevant in the current financial year. For example, the details of a dispute whose outcome was uncertain in the balance sheet date earlier and is still unresolved, will also be included in the information current financial year. Users will find of interest to know that the uncertainty existed at the date of the previous balance, as well as the steps taken during the current financial year to try to resolve it.

38. **Where the form of presentation or the classification of items in the financial statements, also reclassified amounts for comparative information, unless it is impracticable to do so. When comparative figures are reclassified, the entity must disclose:**
- (a) the nature of the reclassification;**
 - (b) the amount of each item or group of items that have been reclassified;**
 - (c) the reason for the reclassification.**
39. **Where it is impractical to reclassify comparative figures, the entity must disclose:**
- (a) reason not to reclassify the amounts;**
 - (b) the nature of the adjustments that should have been made if the amounts have been reclassified.**
40. To enhance the comparability of information between exercises helps users in making economic decisions, particularly by allowing the assessment of trends in financial information with predictive purposes. In some circumstances, it is impractical to reclassify the comparative information for prior periods for comparability with the figures in the current financial year. For example, some data may have been calculated in previous years, so that no permit be reclassified and, therefore, not possible to calculate the comparative data needed.
41. IAS 8 deals specifically with adjustments to make, within the comparative information in the event that the entity an accounting policy change or correct a mistake.
Structure and content

Introduction

42. This standard requires that certain information be presented in the balance in the income statement and statement of changes in equity, while others may be included in the body of financial statements and in the notes. IAS 7 establishes the reporting requirements for cash flow statement.
43. This standard is used at times the term "disclosure" in its broadest sense, including both the information therein that is in balance in the income statement, statement of changes in equity and the cash flow statement, as it develops in the notes referred to them. Other Rules and Interpretations also contain obligations to disclose information. Unless the Standard Interpretation or corresponding specified, such information will be included, without distinction, in the body of the financial statements (whether in the balance sheet, the income statement, statement of changes in equity net or in the cash flow statement)

or in footnotes.

Identification of financial statements

44. **The financial statements are clearly identified, and be separated from any other information published in the same document.**
45. IFRS will apply only to the financial statements, and shall not affect the rest of the information presented in the annual report or other document. It is therefore important that users are able to distinguish the information that is prepared using IFRS any other information that, although it might be useful for their purposes, is not subject to those requirements.
46. **Each of the components of the financial statements shall be clearly identified. In addition, the following information is displayed in a prominent place, and will be repeated as often as necessary for a proper understanding of the information presented:**
- (a) the name or other identification of the entity submitting the information and any change in such information from the balance sheet date precedent;**
 - (b) whether the financial statements belong to the individual entity or group of entities;**
 - (c) the balance sheet date or the period covered by the financial statements, as appropriate to the component in question to the financial statements;**
 - (d) the currency of presentation, as defined in IAS 21 Effect of changes in exchange rates of foreign currencies and**
 - (e) the level of aggregation and rounding used in presenting the figures of the financial statements.**
47. The requirements of paragraph 46 be met, usually through information to be delivered in the headlines of the pages, as well as in the abbreviated names of the columns on each page, within the financial statements. It is necessary to use evidence to determine how best to present this information. For example, when the financial statements are submitted electronically are not always separate pages; previous elements are presented frequently enough to ensure a proper understanding of the information provided.
48. Often, the financial statements are more understandable presenting figures in thousands or millions of monetary units of the currency of presentation. This will be acceptable to the extent that they are informed about the level of aggregation or rounding, and

provided that material information is not lost, or relative importance, in doing so.

Period accounting reporting

49. **The financial statements will be developed with a periodicity that is at least a year. When changing the balance sheet date of the institution and prepare financial statements for an accounting period greater or less than one year, the entity must inform the period covered by concrete financial statements and also:**

(a) the reason to use a period or over; and January 9, 2006b) the fact that they are not fully comparable figures are available in the income statement, statement of changes in equity in the cash flow statement and notes thereto.

50. Normally, the financial statements are prepared evenly, covering annual periods. However, certain entities prefer to inform, for practical reasons, on different intervals of time, for example using financial periods of 52 weeks. This rule does not prevent this practice, since it is unlikely that the financial statements resulting differ, significantly, which had been prepared for the full year.

Balance

The distinction between current and non-current

51. **The entity will present their current and non-current assets, as well as their current and non-current liabilities as separate categories within the balance sheet, in accordance with paragraphs 57 to 67, except where the presentation based on the degree of liquidity provide relevant information that is more reliable. When applying this exception, all assets and liabilities were submitted in response, in general, the degree of liquidity.**
52. **Regardless of the method of presentation adopted, the entity shall disclose-for each heading of active or passive, which is expected to recover or cancel within twelve months after the balance sheet date or after this time interval-the amount expected to charge or pay, Respectively, after twelve months elapse from the date of the balance sheet.**
53. When the entity provides goods or providing services within a clearly identifiable cycle of exploitation, separation between the items and non-current flows, both in the assets as liabilities on the balance sheet, will be a useful information to distinguish the net assets of Use Continuous as working capital, from those used in operations over the long term. This distinction will also serve to highlight both the assets that are expected to perform during the normal cycle of exploitation, as liabilities to be liquidated in the same period of time.

54. For some entities, such as financial, production of assets and liabilities in ascending or descending order of liquidity, providing reliable information and more relevant to the current presentation - not current, because the entity does not provide goods or services within a cycle of exploitation clearly identifiable.
55. Applying paragraph 51, is the entity that will allow some of its assets and liabilities using the current classification - not current, and others in order to its liquidity, provided it does provide more relevant and reliable information. The need to mix the groundwork for presentation could occur when an entity operates differently.
56. Information on the expected dates of completion of assets and liabilities is helpful in evaluating the liquidity and solvency of the entity. IFRS 7 Financial Instruments: Disclosure forced to disclose information about the expiry dates of both financial assets and financial liabilities. Among financial assets are accounts of commercial debtors and other accounts receivable, and among financial liabilities are the accounts of commercial creditors and other accounts payable. It will also be useful information about the timing of recovery and cancellation of non-monetary assets and liabilities, such as stocks and supplies, regardless of whether the stock is made in the distinction between current and non-current. This may be the case, for example, when the entity report on balances in stocks that expects a period exceeding twelve months from the balance sheet date.

Asset flows

57. **An asset is classified as current when satisfies any of the following criteria:**
- (a) is expected to carry out, or is intended to sell or consume in the course of the normal cycle of exploitation of the entity;**
 - (b) is maintained primarily for trading purposes;**
 - (c) wait conduct within the period of twelve months after the balance sheet date, or**
 - (d) the case of cash or equivalent to cash (as defined in IAS 7 State of cash flows), whose use is not restricted, to be exchanged or used to cancel a liability, at least within the twelve months of the balance sheet date.**
- All other assets are classified as non-current.**
58. In this Standard, the term "not aware" includes tangible assets, intangible and financial which are by nature long term. It is forbidden to use alternative descriptions provided that its meaning is clear.

59. The normal cycle of exploitation of an entity is the time lag between the acquisition of tangible assets, which fall within the productive process, and the realization of products in the form of cash or the cash equivalent. When the normal cycle of exploitation of an entity is not clearly identifiable, it is assumed that is 12 months. The current assets include assets (such as stocks and trade debtors) are going to sell, eat and perform within the normal cycle of exploitation, even when not expect the same conduct within the period of twelve months from the balance sheet date . The current assets include assets that are kept primarily for negotiating (financial assets belonging to this category are classified as financial assets that remain to negotiate in accordance with IAS 39 Financial Instruments: Recognition and Measurement) as well as the flow of assets not financial flows.

Liabilities flows

60. **A liability is classified as current when satisfies any of the following criteria:**

- (a) is expected to liquidate in the normal cycle of exploitation of the entity;**
- (b) is maintained primarily for negotiation;**
- (c) be settled within the period of twelve months from the balance sheet date, or**
- (d) the entity does not have the unconditional right to defer the cancellation of liabilities for at least twelve months of the balance sheet date.**

All other liabilities are classified as non-current.

61. Some current liabilities, such as trade creditors and other accrued liabilities, either by staff costs or other operating costs, will be part of capital used in the normal cycle of exploitation of the entity. These items, relating to the operation are classified as current even if its expiration will occur beyond the twelve months following the balance sheet date. The normal cycle of exploitation same applies to the classification of assets and liabilities of the entity. When the normal cycle of exploitation is not clearly identifiable, it shall be presumed that lasts twelve months.
62. Other non-current liabilities come from the normal cycle of exploitation, but must be addressed because expire within twelve months from the date of the balance sheet or are kept primarily for purposes of negotiation. Examples of this type, financial liabilities held to negotiate in accordance with IAS 39, overdrafts or bank overdrafts, the flow of non-current liabilities, dividends payable, income taxes and other accounts payable not commercial. Loans that provide long-term financing (i.e., not part of capital used in the normal cycle of exploitation) and not be liquidated after twelve months from the balance sheet date are classified as non-current liabilities , Subject to the conditions of

paragraphs 65 and 66.

63. The institution classified its financial liabilities as current when they should be settled within twelve months from the balance sheet date, though:
- (a) the original term liabilities were a period exceeding twelve months, and
 - (b) there is an agreement refinancing or restructuring payments in the long run, which was completed after the balance sheet date and before the financial statements are made.
64. If an entity would have an expectation and also the power to renew or refinance some payment obligations for at least twelve months of the balance sheet date, in accordance with the terms of existing financing, such classified as non-current obligations, yet when it would otherwise be cancelled at short notice. However, when refinancing or renewal is not a power of the company (for example, the absence of agreement to refinance or renew), the postponement will not be taken into account, and the obligation is classified as current.
65. If the institution fails to comply with a commitment made in a contract of long-term loan on or before the balance sheet date, with the effect that liabilities will be made payable to the lender, may be classified as current liabilities, even if the lender had agreed, after the balance sheet date and before the financial statements had been made, not require payment as a result of the failure. The liabilities were classified as current because in the balance sheet date, the entity does not have the unconditional right to defer the cancellation of liabilities for at least twelve months after the balance sheet date.
66. However, liabilities are classified as non-flow if the lender had agreed in the balance sheet date, grant a grace period ending at least twelve months after that date, within which time the entity can rectify the breach and during whereby the lender may not require immediate repayment.
67. With regard to loans classified as current liabilities, if they produce any of the following events between the balance sheet date and the date on which the financial statements are made, the entity is obliged to disclose relevant information as events after the balance sheet date that do not involve adjustments in accordance with IAS 10 Events subsequent to the balance sheet date:
- (a) long-term refinancing;
 - (b) rectification of the breach of the long-term loan;

(c) grant by the lender, a grace period to rectify the breach of the long-term loan to complete at least twelve months after the balance sheet date.

Disclosure in the balance

68. **The balance sheet will include at least headings containing specific amounts for the following items, while not presented in accordance with paragraph 68 A:**

(a) property, plant and equipment;

(b) property investments;

(c) intangible assets;

(d) financial assets (excluding those referred to in paragraphs (e) (h) and (i) later);

(e) investments accounted for using the equity method;

(f) biological assets;

(g) stocks;

(h) commercial debtors and other accounts receivable;

(i) cash and cash equivalents other means;

(j) commercial creditors and other accounts payable;

(k) provisions;

(l) financial liabilities (excluding the amounts mentioned in paragraphs (j) and (k) above);

(m) tax assets and liabilities flows, as defined in IAS 12 Income Taxes;

(n) liabilities and deferred tax assets, as defined in IAS 12;

(o) minority interests, filed as part of equity;

(p) issued capital and reserves attributable to holders of equity instruments of dominance.

68 A. The balance sheet items also include specific amounts for the following items:

(a) the total assets classified as held for sale and assets included in the groups disposition of elements, which have been classified as held for sale according to IFRS 5 Non-current assets held for sale and discontinued operations; and

(b) liabilities included in the groups disposition of items classified as held for sale according to IFRS 5.

69. **The balance sheet will be submitted additional headings containing other items, as well as clusters and subtotals of the same when such presentation is relevant to understanding the financial situation of the entity.**
70. **When the entity separate assets and liabilities on the balance sheet, depending on whether or not current flows, not classified assets (or liabilities) as deferred tax assets (or liabilities) flows.**
71. This Standard prescribes neither the order nor the exact format for the submission of items. Paragraph 68 merely provide a list of items it sufficiently different in its nature or function, such as to require a presentation separately on the balance sheet. In addition:
- (a) be added other items when the size, nature or function of an item or group of items is such that the filing separately is relevant to understanding the financial position of the entity.
- (b) The names used and the management of items or groups of items, may be modified according to the nature of the entity and its transactions, in order to provide necessary information for a comprehensive understanding of the financial situation the entity. For example, a credit institution may amend the earlier denominations to facilitate relevant information about their operations.
72. The decision to submit additional items separately will be based on an assessment of:
- (a) the nature and liquidity of assets;
- (b) the role of assets within the entity;
- (c) the amount, type and term liabilities.
73. The use of different bases of valuation for different asset classes suggests that their nature or function differ and, consequently, to be submitted in separate sections. For example, certain classes of property, plant and equipment can be accounted for at historical cost or their revalued amounts, in accordance with IAS 16, Property, plant and

equipment.

Disclosure in the balance sheet or in footnotes

74. **The entity shall disclose, either in stock or in the notes, sub classification more detailed items that make up the balance sheet items classified in a manner appropriate to the activity undertaken by the entity.**
75. The detail provided in the sub classification depend on the requirements contained in IFRS, as well as the nature, size and function of the amounts involved. The factors identified in paragraph 72 would also be used to decide on the criteria of sub classification. The level of information provided will be different for each item, for example:
- (a) items of property, plant and equipment shall be disaggregated by classes, in accordance with IAS 16;
 - (b) accounts receivable shall be disaggregated according to whether they come from commercial customers, related parties, advances and other items;
 - (c) stocks were sub classified, in accordance with IAS 2, stock, in categories such as goods, raw materials, materials, products in progress and finished goods;
 - (d) provisions are broken down, so as to show separately that relate to provisions for employee benefits and the rest;
 - (e) capital and reserves are broken down into several classes, such as capital, premium account and reserves.
76. **The entity shall disclose, either in stock or in the notes, the following information:**
- (a) for each class of shares or securities constituting capital:**
 - (i) the number of shares authorized for issuance;**
 - (ii) the number of shares issued and fully paid, as well as those issued but not yet paid in full;**
 - (iii) the nominal value of the shares, or the fact of having no par value;**
 - (iv) a reconciliation between the number of shares outstanding at the beginning and end of the year;**

(v) the rights, privileges and restrictions for each class of shares, including those relating to restrictions that affect the perception of dividends and the repayment of capital;

(vi) the actions of the entity within its power or in that of their dependents or partner and

(vii) shares whose issuance is reserved as a result of the existence of options or contracts for the sale of shares, describing the terms and amounts;

(b) a description of the nature and destination of each item of reserves contained in equity.

77. **An entity that does not have capital divided into shares, such as different formulas associative or fiduciary, disclose information equivalent to that required in paragraph a) of paragraph 76, showing the movements that have occurred during the exercise, each category making up the equity, and report on the rights, privileges and restrictions that apply to each.**

Income Statement

Profit for the period

78. **All items of income or expense recognized in the exercise will be included in the result, unless a standard or an interpretation states otherwise.**
79. Normally, all items of income or expense recognized in the exercise will be included in the result. This includes the effects of changes in accounting estimates. However, there may be circumstances in which certain items could be excluded from the outcome of the current financial year. IAS 8 deals with two such circumstances: the correction of errors and the effect of changes in accounting policies.
80. In other Standards addresses the case of items that meet the definition of income or expense established in the Conceptual Framework, are normally excluded from the outcome of the current financial year. Examples of same could be revaluation reserves (see IAS 16), the specific gains or losses arising from the conversion of the financial statements of a business in foreign currencies (see IAS 21) and losses or gains from reviewing value of financial assets available for sale (see IAS 39).

Disclosure in the income statement

81. **In the income statement will include, at least, with headings specific amounts that correspond to the following items for the year:**
- (a) ordinary income;**
 - (b) financial expenses;**
 - (c) participation in profit or loss from associates and joint ventures that are counted under the equity method;**
 - (d) gains tax;**
 - (e) a single amount comprising the total of (i) the result after tax from discontinued operations and (ii) the result after tax has been recognized by the measure at fair value minus cost of sales or Because of the sale or other disposition by way of assets or groups disposition of elements that constitute the activity interrupted and**
 - (f) profit or loss.**
82. **The following items are disclosed in the income statement, as distributions of profit or loss:**
- (a) profit or loss attributed to minority interests;**
 - (b) profit or loss attributable to holders of equity instruments of the dominant net.**
83. **In the income statement will be submitted additional headings containing other items, as well as clusters and subtotals of the same when such presentation is relevant to understanding the financial performance of the entity.**
84. The effects of different activities, operations and events for the institution, differ on their frequency, potential losses or gains and predictability, so any information on the elements making up the results will help understand the performance achieved in the exercise and to make projections about future results. It will include additional items in the income statement, either amend or rearrange the names, when necessary, to explain the elements that have given this performance. The factors to consider making this decision include, among others, the materiality or relative importance, as well as the nature and function of the different components of income and expenditure. For example, a credit institution may amend the names of the items in order to provide relevant information about their operations. The items of income and expenses not be reversed, unless they meet the criteria of paragraph 32.

85. The institution is not present, nor in the income statement or in the notes, any item of income or expenses with the consideration of extraordinary items.

Disclosure in the income statement or in footnotes

86. **When items of income and expenditure are materials or have relative importance, its nature and amount be disclosed separately.**

87. Among the circumstances that would lead to revelations of separate items of income and expenses are as follows:

(a) lowers the value of stocks to its net realizable value, or for tangible fixed assets to its recoverable amount, as well as the reversal of such rebates;

(b) a restructuring of the activities of the entity, as well as the reversal of any provision set up to cope with the costs thereof;

(c) disposals provisions or by other means of items of property, plant and equipment;

(d) disposals or provisions in other ways of investment;

(e) discontinued operations;

(f) cancellation of payments for litigation and

(g) other reversals of provisions.

88. **The entity will present a breakdown of costs, using a classification based on the nature of the same or in the role within the institution, whichever provides information that is reliable and more relevant.**

89. Are advised to submit the breakdown entities referred to in paragraph 88, in the income statement.

90. The expenditure items will be presented with the relevant sub classification in order to reveal the ingredients, relating to financial performance, which may be different in terms of their frequency, potential gains or losses and predictive power. This information can be supplied in either alternative ways described below.

91. The first method is called on the nature of expenditures. Expenditures are grouped in the income statement in accordance with their nature (such as depreciation, purchases of materials, transportation costs, salaries to employees and advertising costs) and not be redistributed according to the different functions that are developed in the within the entity. This method is simple to implement, since there is no need to distribute the costs

of the operation between the different functions carried out by the entity. An example of classification using the method of the nature of expenditure is as follows:

Revenue		X
Other income		X
Changes in stocks of finished products and ongoing	X	
Consumption of raw materials and secondary materials	X	
Expenditure for salaries to employees	X	
Expenses for depreciation	X	
Other operating expenses	<u>X</u>	
Total expenditure		<u>(X)</u>
Profit for the period (Profit)		<u>X</u>

92. The second form is called a method of cost-method or the "cost of sales", and consists of classifying expenses in accordance with its role as part of the cost of sales or, for example, charges of distribution activities or administration. Under this method, the entity shall disclose at least its cost of sales regardless of other expenses. This type of filing can provide users with more relevant than that offered by submitting expenses by nature, but we must bear in mind that the distribution of expenditures by function can be arbitrary, and involve the conduct of subjective judgments. An example of classification using the method of expenditure by function is as follows:

Revenue		X
Cost of sales		<u>(X)</u>
Gross margin		X
Other income		X
Distribution costs		(X)
Administrative expenses		(X)
Other costs		<u>(X)</u>
Profit for the period (Profit)		X

93. **The entities to separate their expenses by function, disclose additional information on the nature of such expenses, which include at least the amount of expenditures and amortization expense for salaries to employees.**

94. The choice of the specific form of breakdown, either using the method of expenditures by nature or of expenditures by function, will depend both historical factors as the industrial sector where frame entity, as well as the very nature of the . Both methods provide an indication of costs which can vary directly or indirectly, with the level of sales or production of the entity. Since each of the method of presentation has advantages for different types of entities, this standard requires that management selected the filing that it considers most relevant and reliable. However, when using the cost method of sales,

and post that information on the nature of certain expenses is useful in predicting cash flows, requires the submission of additional data on certain expenditures by nature. In paragraph 93, the concept of "pay to employees" has the same meaning as in IAS 19 employees.

95. **The entity shall disclose, either in the income statement, statement of changes in equity, or in the notes, the amount of dividends whose distribution to holders of equity financial instruments has been agreed upon during the exercise, and the amount per share.**

State of changes in equity

96. **The entity shall submit a statement of changes in equity showing:**

(a) profit or loss;

(b) each item of income and expenditure for the financial year, as required by other rules or interpretations, is recognized directly in equity, as well as the total of those items;

(c) the total income and expenditure for the financial year (calculated as the sum of paragraphs (a) and (b) above), showing separately the total amount allocated to the holders of equity instruments of the dominant and interest Minority;

(d) for each component of equity, the effects of changes in accounting policies and correcting errors in accordance with IAS 8.

A statement of changes in equity to include only those items will receive the designation of state revenue and expenditure recognized.

97. **The institution will also present in the state of changes in equity or in the notes:**

(a) the amounts of transactions that holders of equity instruments made on their status as such, showing separately distributions agreed to them;

(b) the balance of retained earnings (whether positive or negative figures) at the beginning of the year and the balance sheet date, as well as movements during the exercise thereof; and

(c) a reconciliation between the carrying amounts, at the beginning and end of the year, for each class of assets and brought to each class of reservations, reporting separately for each movement occurred in them.

98. The changes in equity of the entity, between two consecutive balance sheets reflect the increase or decrease suffered by their net assets. If it ignores the changes caused by operations with the holders of financial instruments of equity, acting in his capacity as such (e.g. capital, repurchases by the entity of its own equity instruments and dividends) and the costs of these transactions, the change experienced by the value of net assets represent the total amount of revenues and expenses, including gains or losses generated by the body's activities during the year (regardless of whether such items of expenditure and revenue have been recognized in profit or loss, or whether they have been treated directly as changes in equity).
99. This standard requires that all expenditure items and revenue recognized in the exercise, coming in profit or loss, unless otherwise Standard Interpretation compel or otherwise. In other rules require that certain gains or losses (for example revaluation reserves, certain differences and exchange losses or gains from the revised value of financial assets available for sale, and the corresponding amounts of current taxes and deferred), Are recognized as directly changes in equity. Since it is important to take into account all revenues and expenditures to evaluate changes in the financial position of the entity between two consecutive balance sheets, the Standard requires the submission of a statement of changes in equity, which reveal the Total expenditure and revenue, and include figures that have been recognized directly in equity accounts.
100. IAS 8 requires adjustments to make retroactive changes in accounting policies, insofar as may be practicable, except when the transitional provisions in another Standard Interpretation establish or otherwise. IAS 8 also requires the correction of errors were made retroactively, to the extent that these corrections are practicable. The retroactive adjustments and corrections are made against the balance of retained earnings, unless otherwise required by the Standard Interpretation or retroactive adjustment of another component of equity. Paragraph (d) of paragraph 96 calls for disclosing information in the statement of changes in net worth, total adjustments on each of its components arising from changes in accounting policies and correcting errors, with separate expression of some and others. It will reveal information about these adjustments on the principle of the exercise, as well as every year prior.
101. The requirements of paragraphs 96 and 97 may be fulfilled in different ways. One suggestion is to present a format for columns where reconcile the opening and closing balances of each item of equity. An alternative method is to present an earlier statement of changes in equity that contains only the items required by paragraph 96. If using the latter alternative, the items required in paragraph 97 will be presented in the notes.

State cash flow

102. Information on cash flows provides users the basis for assessing the ability of the institution has to generate cash and other cash equivalents, as well as the needs of the institution for the use of those cash flows. IAS 7 State of cash flows, establishes certain

requirements for the presentation of cash flow statement, as well as other information related to it.

Notes

Structure

103. **The notes:**

(a) present information about the basis for the preparation of financial statements, as well as specific accounting policies used in accordance with paragraphs 108 to 115;

(b) disclose information that is required by IFRS, was not present in the balance in the income statement, statement of changes in equity or the cash flow statement;

(c) provide additional information that had not included in the balance in the income statement, statement of changes in equity or the cash flow statement, is relevant for understanding some of them.

104. **The notes will be presented, insofar as is practicable, in a systematic way. Each balance sheet item, the income statement, statement of changes in equity and cash flow statement will contain a cross reference to the relevant information in the notes.**

105. Normally, the notes will be presented in the following order, in order to help users understand the financial statements and compare them with those submitted by other entities:

(a) a declaration of compliance with IFRS (see paragraph 14);

(b) a summary of significant accounting policies applied (see paragraph 108);

(c) supporting information for the items presented in the balance in the income statement, statement of changes in equity and statement of cash flows, in the order listed each state and each of the items that compose;

(d) any other information to reveal, among which include:

(i) contingent liabilities (see IAS 37) and contractual commitments unrecognized

(ii) information mandatory non-financial, for example objectives and policies relating to financial risk management of the entity (see IFRS 7).

106. Under certain circumstances, it may be necessary or desirable to change the order of certain items within the notes. For example, information on changes in fair value recognized in profit or loss, could be combined with information on the expiry of the relevant financial instruments, although the first information relates to the income statement and the second relates to the balance sheet. However, we must preserve, insofar as is practicable, a systematic structure.
107. The notes provide information about the basis for the preparation of financial statements and accounting policies specific, may be submitted as a separate component of the financial statements.

Disclosure of accounting policies

108. **An entity disclosed in the summary containing the significant accounting policies:**
- (a) the basis or foundation for the preparation of financial statements;**
- (b) the other accounting policies used to be relevant to understanding the financial statements.**
109. It is important for users to be informed about the basis used in the financial statements (for example, historical cost, current cost, net realizable value, fair value or recoverable amount), since these foundations, on which the financial statements are prepared , To significantly affect their ability to analyze. When used over a base of valuation at preparing financial statements, for example whether they have been revalued only certain classes of assets, it is sufficient to provide an indication regarding the categories of assets and liabilities to which they have been applied each basis of valuation.
110. In deciding whether a particular accounting policy should be disclosed, management will consider whether such disclosure could help users to understand the way in which transactions and other events and conditions have been reflected in the performance information and financial position. The disclosure of accounting policies on individuals, will be particularly useful for users when these policies have been selected from among the alternatives permitted under the Rules and Interpretations. An example would be information that is not revealing whether the participant in a joint venture recognizes its interests in an entity controlled jointly by applying the proportional consolidation or the equity method (see IAS 31 Investments in joint ventures). Some rules require, specifically, disclose information about certain accounting policies, including the choices made by management between different policies permitted. For example, IAS 16 requires disclosing information about the bases of valuation used for each class of property, plant and equipment. IAS 23 requires interest costs by disclosing information about whether interest costs have been recognized as an expense immediately, or have been capitalized as part of the cost of qualified assets.

111. Each entity will consider the nature of their exploitation as well as policies that users of its financial statements would you like to be revealed for this type of entity in particular. For example, if an entity subject to income taxes, might be expected to reveal the accounting policies followed in this regard, including the assets and deferred tax liabilities. When an institution has a significant number of business transactions in foreign currencies, could be expected to report on the accounting policies followed for the recognition of losses and gains on exchange. When it has carried out a business combination, will disclose the policies used for the valuation of goodwill and minority interests.
112. An accounting policy could be significant because of the nature of the operation of the entity, even if the amounts to which affected in the current financial year or in earlier unimportant relative. It will also be appropriate to disclose information about every significant accounting policy that is not specifically required by IFRS, but that has been selected and implemented in accordance with IAS 8.
113. **Whenever you have a significant effect on the amounts recognized in the financial statements, the entity shall disclose, either in the summary of significant accounting policies or other notes, trials – other than those relating to the estimates (see paragraph 116) – that management has made in applying the accounting policies of the entity.**
114. In the process of implementing the accounting policies of the entity, address various trials take place, other than those relating to the estimates, which may significantly affect the amounts recognized in the financial statements. For example, management conducted trials to determine:
- (a) if certain financial assets are investments held to maturity;
 - (b) when they have been transferred to other entities, of substantially all the risks and benefits of significant owners of financial assets and the assets leased;
 - (c) if, by their economic substance, sales of certain goods are financing arrangements and therefore do not result in ordinary income;
 - (d) if the economic substance of the relationship between the entity and a special purpose entity, indicates that the latter is controlled by the entity.
115. Some of the information disclosed in accordance with paragraph 113, are also required by other standards. For example, IAS 27 requires an entity to disclose the reasons why the interest of ownership does not imply control over a stake that is not considered dependent, but the entity has, directly or indirectly through other dependents, more than half of its voting rights or potential. IAS 40 will require, where the classification of a particular investment present difficulties, disclose information about the criteria

developed by an entity to distinguish real estate investments of buildings occupied by the owner, as well as real estate held for sale in the course regular operations.

Key principles for estimating uncertainty

116. **An entity disclosed in the notes, information on key assumptions about the future, as well as the keys to the estimate of the uncertainty in the balance sheet date, if they bear a significant risk associated involving material changes in the value of assets or liabilities within the next year. In respect of such assets and liabilities, the notes should include information on:**
- (a) its nature, and**
 - (b) its carrying amount at the balance sheet date.**
117. The determination of the carrying amount of assets and liabilities will require some estimates, at the balance sheet date, the effects arising from future events on incinerators such assets and liabilities. For example, in the absence of market prices observed recently, which are used to value assets and liabilities, it will be necessary to make estimates about the future when it wants to assess the amount recoverable from the various classes of fixed assets, the impact of technological obsolescence on stocks, provisions conditioned by the outcome of future litigation and liabilities under way for long-term rewards to employees, such as pension obligations. These estimates are based on assumptions about variables such as cash flows or risk-adjusted discount rates used, the anticipated changes in wages or the price changes affecting other costs.
118. The key assumptions and other essential aspects considered when making the estimate of uncertainty, which are subject to disclosure under paragraph 116, refer to estimates that offer greater difficulty, complexity or subjectivity in the trial for direction. As the number of variables and assumptions that affect the possible future resolution of uncertainties, trials are more subjective and complex, and the probability for the occurrence of material changes in the value of assets or liabilities normally will be increased in parallel.
119. The information disclosed in paragraph 116 are not necessary for the assets and liabilities associated with a significant risk to assume significant changes in their value within the next year if, on the balance sheet date, are measured at fair value based on recent observations market prices (their fair values could suffer major changes in the course of next year, but such changes cannot be conceived from the assumptions or other early estimate of the uncertainty at the balance sheet date).
120. The information disclosed in paragraph 116 was presented in a way that will help users of financial statements to understand the trials conducted by management on the future and on other key principles in the estimation of uncertainty. The nature and scope of the

information provided will vary according to the kind of course, or other circumstances. Examples of the types of disclosure are as follows:

- (a) the nature of the course or another estimate of uncertainty;
 - (b) the carrying amount of sensitivity to the methods, estimates and assumptions implicit in its calculation, including the reasons for such sensitivity;
 - (c) the expected resolution of uncertainty, as well as the range of reasonably possible consequences within the next year, regarding the carrying amount of assets and liabilities involved, and
 - (d) if the previous uncertainty continues unresolved, an explanation of the changes made in the past assumptions concerning assets and liabilities related.
121. In making the revelations of paragraph 116, is not required to disclose information or budgetary forecasts.
122. Where in the balance sheet date, is impracticable to disclose the nature and scope of the potential effects of a course or another key criterion in the estimation of uncertainty, the entity informed that is reasonably possible, based on existing knowledge, that outcomes that are different from assumptions, in the next year, could require significant adjustments in the carrying amount of the asset or liability affected. In any case, the entity shall disclose the nature and amount of the asset or liability specific (or class of assets or liabilities) affected by the event.
123. The information disclosed in paragraph 113, on trial individuals made by management in the process of implementing the accounting policies of the entity, unrelated to disclose information about the key principles for estimating uncertainty under the Paragraph 116.
124. The disclosure about some of the key assumptions, which would otherwise be required under paragraph 116, was also required in other standards. For example, IAS 37 requires disclosure, in specific circumstances, the main assumptions about future events that involve different kinds of supplies. IFRS 7 requires reveal significant assumptions used in estimating the fair value of financial assets and liabilities, which accounted for at fair value. IAS 16 requires reveal significant assumptions used in estimating the fair value of the items of tangible fixed assets revalued.

Capital

124A An entity shall disclose information that enables users of its financial statements to evaluate the objectives, policies and processes that follows the entity to manage capital.

124B To meet the provisions of paragraph 124A, the entity shall disclose the following:

a) qualitative information on its objectives, policies and capital management processes, including inter alia:

i) a description of what it considers its capital management purposes;

ii) where an entity is subject to external capital requirements, the nature of these requirements and how they are incorporated into the management of capital;

iii) how it meets its objectives of capital management.

b) Quantitative data summarized on capital it manages. Some entities considered as part of the capital certain financial liabilities (for example, some forms of subordinated debt). Others believe that some components of equity (for example, components derived from the coverage of cash flows) are excluded from the capital.

c) Any change in a) and b) since last year.

d) If during the exercise has complied with any requirements to which foreign capital is subject.

e) When an entity has not complied with any of the external capital requirements imposed upon it externally, the consequences of this failure.

These revelations are based on information provided internally to key personnel from the direction of the entity.

124C An institution may manage its capital in various ways and be subject to different requirements on capital. For example, a conglomerate may include entities carrying out activities of insurance and banking activities, and such entities may also operate in different jurisdictions. If the disclosure of an aggregate of capital requirements and how to manage capital does not provide useful information or distorted understanding of the capital resources of an entity, by users of financial statements, the independent entity shall disclose information on each capital requirement to subject the entity.

Other information to reveal

125. **An entity disclosed in the notes:**

(a) the amount of dividends proposed or agreed before the financial statements have been made, which have not been recognized as a distribution to holders of equity instruments during the year, as well as the amounts per share;

(b) the amount of any dividend preferential cumulative nature of which has not been recognized.

126. The entity informed of the following if it has not been subject to disclosure elsewhere within the information published with the financial statements:

(a) the domicile and legal form of the entity, as well as the country where it is incorporated and the address of its registered office (or main residence where it operates, if different from the registered office);

(b) a description of the nature of the operation of the entity and its main activities;

(c) the name of the entity directly dominant and the dominant group's last.

Effective Date

127. An entity shall apply this standard for annual periods beginning on or after January 1, 2005. Earlier application is encouraged. If an entity applies this standard to a period beginning before January 1, 2005, disclose that fact.

Repeal of IAS 1 (revised 1997)

128. This rule replaces IAS 1 Presentation of Financial Statements revised in 1997.