



#### **Assumptions**

- Accrual
- Going on concern

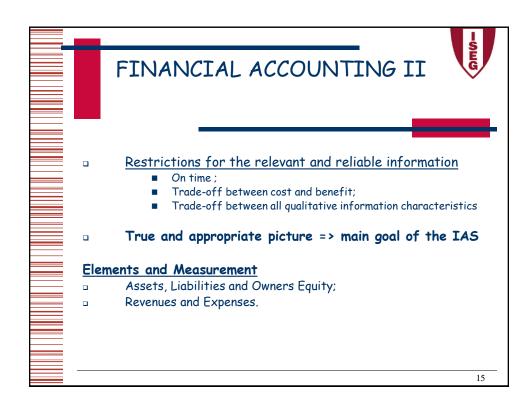
#### Characteristics of financial information

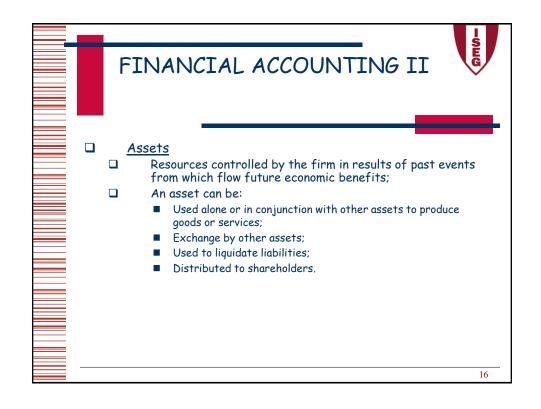
- Easy to understand
- Relevance and Materiality (it has impact in the decion making process)

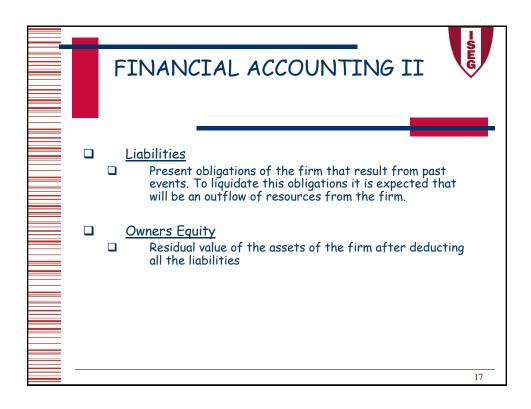
13

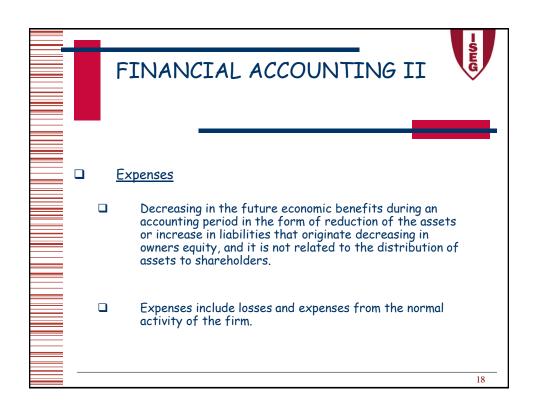
# FINANCIAL ACCOUNTING II **Reliability** - it does not contain errors or judgments

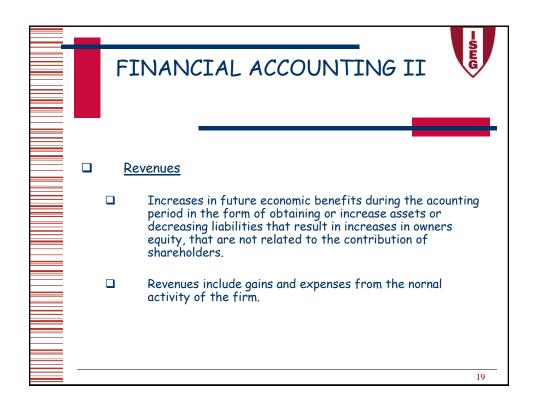
- - True representation of the events
  - Substance over the form (economic reality and not legal reality);
  - Neutrality (be like Swiss; does not contains any judgments and opinions);
  - Precaution (provisions, but not the creations of reserves with no undelying event)
  - It contains ALL information needed
- $\underline{\textit{Comparability}}$  to compare within the form with previous years and with other firms

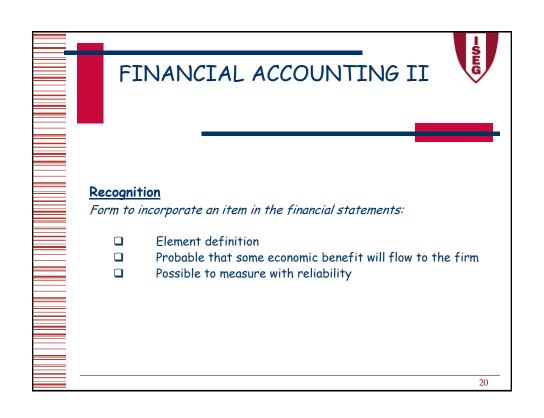


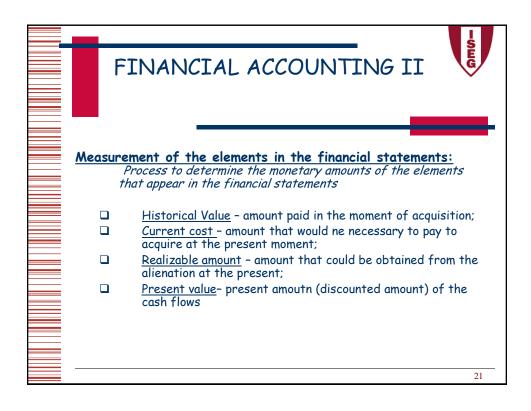


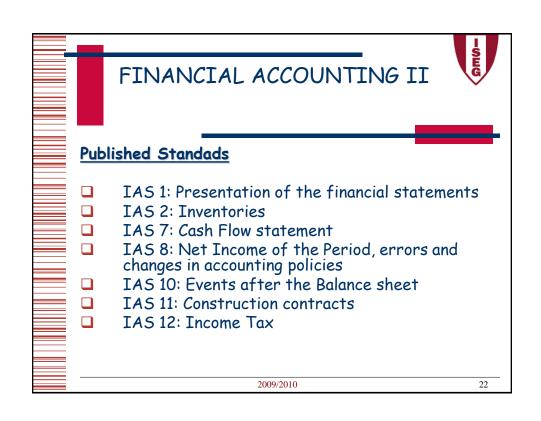






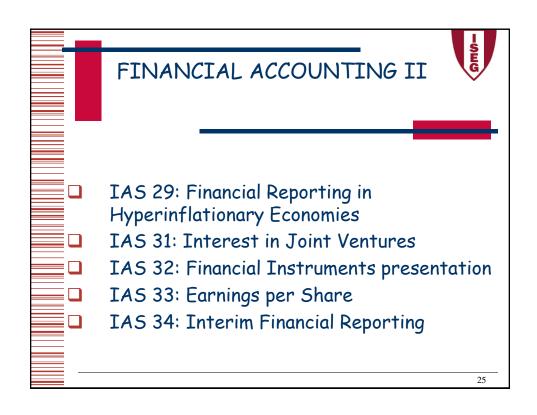


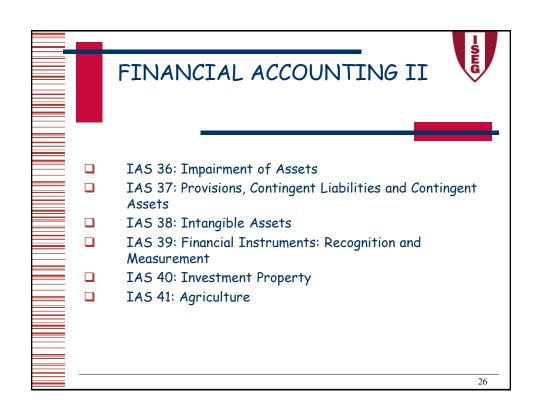




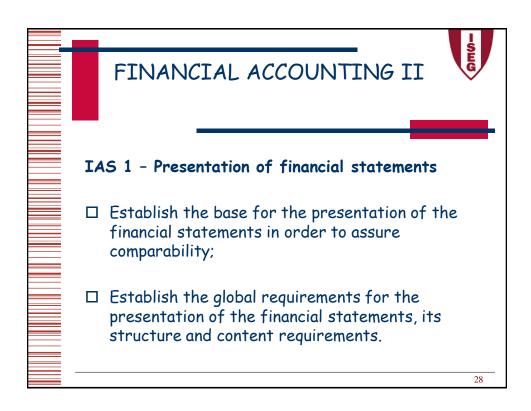












# FINANCIAL ACCOUNTING II

### IAS 1 - Components of FS:

A complete set of financial statements should include:

- a statement of financial position (balance sheet) at the end of the period
- a statement of comprehensive income for the period (or an income statement and a statement of comprehensive income)
- · a statement of changes in equity for the period
- · a statement of cash flows for the period
- notes, comprising a summary of accounting policies and other explanatory notes

29

## FINANCIAL ACCOUNTING II



#### IAS 1 - Goal

Objective. The objective of general purpose financial statements is to provide information about the financial position, financial performance, and cash flows of an entity that is useful to a wide range of users in making economic decisions.

# FINANCIAL ACCOUNTING II



# IAS 1 - Fair Presentation and Compliance with IFRSs

- Comparability
- Going concern
- Accrual Basis of Accounting
- Consistency of Presentation
- Offsetting
- Materiality and Aggregation

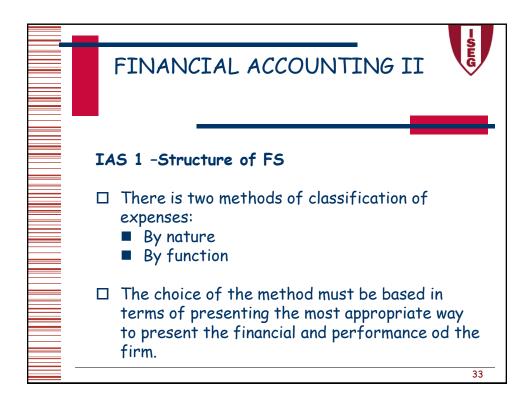
31

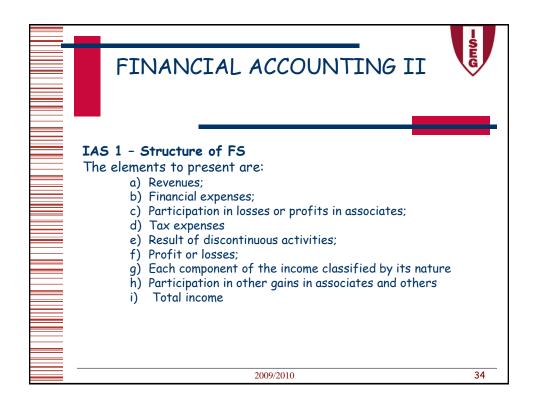
## FINANCIAL ACCOUNTING II



<u>Current assets</u> are cash; cash equivalent; assets held for collection, sale, or consumption within the entity's normal operating cycle; or assets held for trading within the next 12 months. All other assets are noncurrent. [IAS 1.66]

<u>Current liabilities</u> are those to be settled within the entity's normal operating cycle or due within 12 months, or those held for trading, or those for which the entity does not have an unconditional right to defer payment beyond 12 months. Other liabilities are noncurrent. [IAS 1.69]









### IAS 1 - Owners Equity Variations

- The variations in Owners equity of a firm reflects the increase or decrease in its liquid assets during a period.
- The global variation in owners equity represents the total gains and losses generated by the activities of a firm in one period.

35

## FINANCIAL ACCOUNTING II



### IAS 1 - Owners Equity Variations

- □ It shows
  - The net income of the period;
  - Each item of revenues or expense, gain or loss in accordance with the other IAS and that have effect on owners equity;
  - Accumulated effect of the changes in the accounting policies and the correction of fundamental errors.

