

Course 1260 IFRS Liability Recognition & Measurement (2 days)

Course Summary

This two-day course provides a comprehensive review of IFRS requirements for recognition, measurement and disclosure of liabilities. Course topics, presented through the use of exercises, illustrative financial statements, and case studies, include: Provisions | Contingencies | Criteria for liability recognition | Identifying 'obligating events' | Determining probability and amount of payment | Present value | Dealing with risks and uncertainties | Commitments | Third-party reimbursements | Changes in contingent liabilities or provisions | Provisions for restructuring, including rules for restructuring associated with a business combination | Asset retirement obligations | Warranties and other sales-related obligations | Refunds and allowances | Events after the reporting period | Financial liabilities | Distinguishing debt from equity | Classification of compound instruments | Offsetting assets and liabilities | Off-balance sheet debt | Recognition and de-recognition criteria | Disclosure of fair value and key assumptions | Revised IAS 32 Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation | Income taxes | Principles of the required balance sheet liability method | Determination of temporary differences and tax base | Recognition of current and deferred tax assets & liabilities | Exceptions to the recognition rules | Measurement issues | Specific tax-issue transactions (government grants, leases, pensions, share-based payment, asset revaluation, investment property, financial instruments) | Business combinations | Tax treatment in consolidated financial statements | Tax effects of intra-group transactions | Foreign currency tax issues | Tax presentation & disclosure requirements.

In addition, we will bring you up to date with current events, including: the March 2009 IASB Exposure Draft: Income Tax (proposed replacement of IAS 12) | relevant requirements of IFRS 7 Financial Instruments: Disclosures | the January 2010 IASB Exposure Draft: Measurement of Liabilities in IAS 37 | the June 2009 IASB Discussion Paper: Credit Risk in Liability Measurement | the IASB's project to replace IAS 39.

Introduction

Accounting for provisions, contingencies, financial liabilities and income taxes under IFRS often requires the application of complex recognition and measurement rules that can have a significant impact on an entity's reported financial performance and net profit. In addition to their inherent complexity, these requirements are also undergoing significant changes which must be understood by both experienced preparers and those companies adopting IFRS for the first time.

This two-day course provides comprehensive and up-to-date coverage of the IASB pronouncements that govern the disclosure, presentation, recognition and valuation of certain highly significant liabilities. These liabilities include items such as income taxes, provisions, contingencies, asset retirement obligations, restructuring plans, financial instruments, and liabilities relating to events after the balance sheet date.

The program answers questions such as:

- o What are the rules on provision valuation and contingency disclosures?
- o When should a liability for restructuring and other exit activities be recognized?
- o How are financial liabilities differentiated from equity instruments?
- o What are the differences between adjusting and non-adjusting events after the reporting period?
- o How are decommissioning obligations identified and measured?

- o When are deferred taxes recognized and how are they calculated?
- o What are the potential changes proposed in recent IASB Exposure Drafts?

Prerequisites

Knowledge of basic accounting for liabilities. No advance preparation is required for this course.

Course Level

Overview

Topics

- o Provisions and Contingencies (IAS 37)
 - o Criteria for liability recognition
 - o Identifying 'obligating events'
 - o Determining probability and amount of payment
 - o Present value
 - o Dealing with risks and uncertainties
 - o Commitments
 - o Third-party reimbursements
 - o Changes in contingent liabilities or provisions
 - o Disclosure
 - o Overview of the January 2010 Exposure Draft: Measurement of Liabilities in IAS 37
- o Asset Retirement Obligations
- o Warranties and Other Sales-related Obligations
- o Refunds and Allowances
- o Events after the Reporting Period (IAS 10)
 - o Adjusting events
 - o Non-adjusting events
 - o Disclosure
- o Financial Liabilities (IAS 32, IAS 39 and IFRS 7)
 - o Distinguishing debt from equity
 - o Classification of compound instruments
 - o Offsetting assets and liabilities
 - o Risk considerations
 - o Off-balance sheet debt
 - o Recognition and de-recognition criteria
 - o Disclosure of fair value and key assumptions
 - o Amendment to IAS 32 regarding financial instruments puttable at fair value and obligations arising on liquidation
 - o Overview of the May 2009 Exposure Draft: Fair Value Measurement
 - o Overview of the June 2009 Discussion Paper: Credit Risk in Liability Measurement
 - o Current status of the IASB's project to replace IAS 39 as it relates to recognition, measurement and de-recognition of financial liabilities
- o Income Taxes (IAS 12)

- o Principles of the required balance sheet liability method
- o Determination of temporary differences and tax base
- o Recognition of current and deferred tax assets & liabilities
- o Exceptions to the recognition rules
- o Measurement issues
- o Specific transactions (government grants, leases, pensions, share-based payment, asset revaluation, investment property, financial instruments)
- o Business combinations
- o Tax treatment in consolidated financial statements
- o Tax effects of intra-group transactions
- o Foreign currency issues
- o Financial statement presentation
- o Disclosure requirements
- o Overview of the March 2009 Exposure Draft: Income Tax (proposed replacement of IAS 12) and IASB's re-deliberation of its proposals

Course Benefits

- o Apply the IAS 37 rules on recognition and measurement of provisions
- o Recognize and measure liabilities for restructuring and other exit activities
- o Understand the recognition variables affecting warranties, refunds and allowances
- o Apply IFRS 3 for restructuring associated with a business combination
- o Determine when and how contingencies are to be valued and disclosed
- o Analyze financial instruments to distinguish and record financial liabilities and equity instruments
- o Understand the treatment of adjusting and non-adjusting events after the reporting period
- o Know how to identify and account for asset retirement obligations
- o Comply with IFRS 12 requirements for the recognition of current and deferred taxes
- o Understand the potential impact of current proposed changes to IFRS

Teaching Method

- o Live group instruction
- o Use of valuation models with practical examples to illustrate the criteria for various liability categories
- o Presentation and discussion of model financial statements, including disclosures
- o Interactive case study on accounting for provisions and contingencies - presentation of various scenarios requiring judgment in distinguishing amongst liability recognition and disclosure alternatives
- o Illustrations and cases on the calculation of deferred taxes
- o Interactive participation is encouraged
- o All participants receive a comprehensive binder containing copies of the presentation slides, handouts and other course materials

Continuing Professional Education (CPE)

16 hours

Venue

All of our Dubai seminars take place in 4 star professional conference facilities, usually in city-centre downtown hotels like the Marriott, Sheraton or Hilton brands.

Detailed Joining Instructions are sent to all registered delegates by email approximately one month before the event. The Joining Instructions will confirm exact venue details and nearby (or onsite) hotel recommendations with bedroom rates where available.

Coffee and lunch will be provided.

Related courses

- o [1201: IFRS Financial Instruments Workshop \(2 days\)](#)
- o [1225: IFRS and US GAAP Fair Value Accounting \(2 days\)](#)
- o [1270: IFRS and US GAAP for Restructurings and Discontinued Operations](#)
- o [1280: IFRS Accounting for Pensions, Other Employment Costs & Share-Based Payments \(2 days\)](#)

Booking Information

Duration (days): 2

Location: Dubai

Available dates

Instructor(s)

For more information, please visit <http://www.iaseminars.com/en/event/?Code=1260&VenueID=21>