

**FRS-9**

Issued 02/95  
 Revised 05/96  
 Revised 10/01

Institute of Chartered Accountants of New Zealand

FINANCIAL REPORTING STANDARD NO. 9  
 1995



## INFORMATION TO BE DISCLOSED IN FINANCIAL STATEMENTS

*Issued by the Financial Reporting Standards Board of the Institute of  
 Chartered Accountants of New Zealand*

*Approved March 1995 by the Accounting Standards Review Board  
 under the Financial Reporting Act 1993*

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*This Standard replaces SSAP-9: Information to be Disclosed in Company  
 Balance Sheets and Profit and Loss Accounts (1978); although that  
 Statement will continue to apply until the completion of accounting  
 periods which end prior to 1 July 1995.*

*This Standard should be read in the context of the Explanatory Foreword to  
 General Purpose Financial Reporting published by the Council,  
 Institute of Chartered Accountants of New Zealand.*

*The Accounting Standards Review Board (the Board) has approved FRS-9  
 Information to be Disclosed in Financial Statements, for the purposes*

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*of the Financial Reporting Act 1993, to apply to reporting entities, the Crown and all departments, Offices of Parliament and Crown entities (each of which is defined in the Act) other than as expressly exempted by the terms of the Standard.*

*The Board has also approved this Standard to apply to local authorities (as defined in the Act) from 1 July 1998.*

### 1 INTRODUCTION

#### COMMENTARY

1.1 This Standard deals with information to be disclosed in financial statements.

1.2 Financial statements are the statements prepared by an entity to communicate information about its financial performance, financial position and cash flows. The term includes the notes and schedules that are needed to clarify or further explain items in the statements.

1.3 FRS-2: *Presentation of Financial Reports* provides the framework for the presentation of general purpose financial reports.

1.4 This Standard deals with disclosures in the following financial statements:

- the statement of financial performance,
- the statement of movements in equity, and
- the statement of financial position,

together with the notes to the above statements.

1.5 This Standard does not deal with disclosures in the statement of cash flows as these are dealt with in FRS-10: *Statement of Cash Flows*.

1.6 The structure of the financial reporting requirements and the place of this Standard in that structure are depicted in Figure 1.

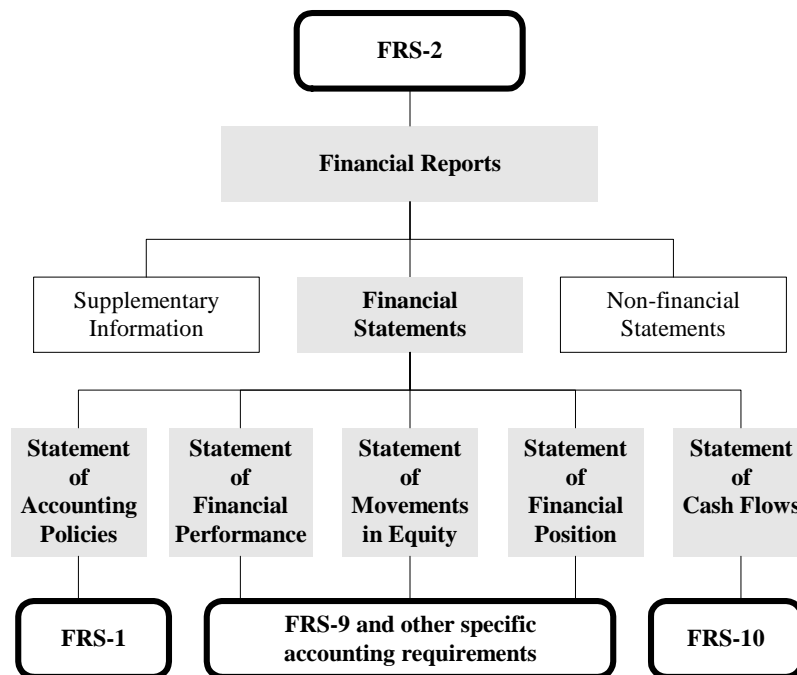
1.7 Additional disclosure requirements are included in other financial reporting standards which deal with specific accounting subjects. Where an individual financial reporting standard addresses a specific topic, that standard is to be referred to for the additional disclosure requirements relevant to the topic concerned.

1.8 Certain specific disclosures are set out in this Standard. These specific disclosures are to be made in an entity's financial report when they are material. Disclosure of additional items is encouraged where such disclosure contributes to the objectives of general purpose financial reporting.

1.9 This Standard does not propose a particular format for the presentation of financial statements. Alternative layouts and groupings which disclose the same information may be deemed equally appropriate. The format chosen for financial statements will depend on individual circumstances.

1.10 Financial reporting standards are paragraphs in bold type-face in this Standard. Where appropriate, interpretive commentary paragraphs in plain type-face follow the financial reporting standards.

**Figure 1**



## 2 APPLICATION

### STANDARD

**2.1** This Standard applies to the general purpose financial reports of all entities except where exempted by paragraph 2.2.

**2.2** Entities which qualify for exemption in accordance with the *Framework for Differential Reporting* are not required to make disclosures in their financial statements of the requirements in this Standard denoted with an asterisk (\*).

**2.3** The financial reporting standards set out in this Standard shall apply to all financial reports where such application is of material consequence. A statement, fact, or item is material if it is of such a nature or amount that its

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**disclosure, or the method of treating it, given full consideration of the circumstances applying at the time the financial report is completed, is likely to influence the users of the financial report in making decisions or assessments.**

### *COMMENTARY*

2.4 Where statutes, regulations or rules and agreements binding on the entity specify the form and content of financial statements, such specifications override considerations of materiality as established in paragraph 2.3 of this Standard. Disclosures in financial reports may be required by legislation in addition to the disclosures required in Financial Reporting Standards. Therefore, compliance with Financial Reporting Standards will not necessarily ensure compliance with legislation applicable to a particular entity.

### *STANDARD*

**2.5 This Standard applies to general purpose financial reports covering periods ending on or after 1 July 1995.**

## **3 STATEMENT OF PURPOSE**

### *COMMENTARY*

3.1 The purpose of this Standard is to require certain disclosures of financial information in financial statements that would provide useful information to external parties for:

- (a) the assessment of financial performance and financial position of the entity; and
- (b) the making of decisions about providing resources to, or doing business with, the entity.

## **4 DEFINITIONS**

### *STANDARD*

**The following terms are used in this Standard with these meanings:**

**4.1 An “auditor” in relation to an entity means:**

- (a) a person who has or shares the duty; or
- (b) a firm or an organisation which has or shares the duty;

**of providing the audit report required by legislation, constitution or otherwise on the financial report of that entity.**

**4.2 A “business segment” is a distinguishable component of an entity the activities of which represent a line of business significant to the entity as a whole and/or are directed to a particular class of customer significant to the entity as a whole.**

*COMMENTARY*

4.3 A business segment may be in the form of a subsidiary, a division, or in some cases a joint venture or other non-subsidiary investment. Normally, a business segment is operationally distinct from other activities of the entity, and the activities, assets and results of operations of the business segment are distinguishable from other activities, assets and results of operations of the entity. A component of an entity does not meet the definition of a business segment if its activities, assets and results of operations cannot be identified separately.

4.4 A business segment for the purposes of this Standard is not synonymous with a reportable industry segment or geographical segment (see SSAP-23: *Financial Reporting for Segments*). A reportable industry segment comprises one or more business segments and a business segment may operate in more than one geographical segment.

*STANDARD*

**4.5 “Current asset” is an asset, or part of an asset, which is expected to be realised in cash or sold or consumed within one year after the date of the statement of financial position.**

**4.6 “Current liability” is a liability, or part of a liability, which is expected to be settled or extinguished within one year after the date of the statement of financial position.**

**4.7 “Director” includes any person occupying the position of a member (by whatever name called) of the governing body of the entity reporting.**

*COMMENTARY*

4.8 A director will include all officially appointed directors and those persons, if any, recognised under the entity’s constitution or equivalent documentation as holding such a position in the entity.

4.9 The title director differs for different types of entities. The following are examples of directors in terms of paragraph 4.7:

- for the government as a whole, ministers;
- for government departments, departmental chief executives;
- for other public sector entities and non-profit entities, councillors and board members;
- in a partnership (other than a special partnership), any partner;
- in a special partnership, any general partner;
- in any other corporate or unincorporated body, any person occupying a position comparable with that of a director of a company.

4.10 When the entity reporting is a group, it is necessary to identify those persons who occupy the position of a director of the economic entity which makes up the reporting group. Although it is normally those persons who are directors of the

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parent entity within the reporting group, the definition of director may also include other persons within the group who occupy the position of director of the reporting group.

### *STANDARD*

**4.11 “Discontinued activities” are the activities of a business segment that have been sold or terminated.**

### *COMMENTARY*

4.12 Operations are considered sold or terminated when they meet the following conditions:

- (a) the sale or termination is completed in the period or before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved;
- (b) if a termination, the former operating activities have ceased permanently;
- (c) the termination has a material effect on the nature and focus of the operations, and represents a material reduction in its operating facilities resulting from the withdrawal from a particular market or from a material reduction in turnover; and
- (d) the assets, liabilities, results, operations, and activities are clearly distinguishable, both physically and operationally.

### *STANDARD*

**4.13 “Employee entitlements” means liabilities of the entity for benefit entitlements which employees accumulate as a result of the rendering of their services to an employer up to the reporting date.**

### *COMMENTARY*

4.14 Employee entitlements may include liabilities arising from, but are not limited to, wages and salaries, annual leave, sick leave, long service leave, and superannuation benefits.

### *STANDARD*

**4.15 “Inter-entity” refers to balances between:**

- (a) a parent company and its subsidiaries or in-substance subsidiaries;
- (b) a subsidiary or in-substance subsidiary and other subsidiaries or in-substance subsidiaries in the group;
- (c) non-company entities with arrangements similar to (a) or (b).

**4.16 “Loans to directors” includes loans to, or guarantees given by the entity for debts incurred by, or other direct or indirect financial assistance given by the entity to or for the benefit of:**

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- (a) a director of the entity, a spouse of such a director, or any dependants of the director whether or not related to the director; or
- (b) a director of any other entity in the group, a spouse of such a director, or any dependants of the director whether or not related to the director; or
- (c) a trustee of a trust under which a person referred to in paragraph (a) or (b) has a direct or indirect beneficial interest, if the loan is made to, or guarantee or other financial assistance is given on behalf of or to, the trustee in their capacity as trustee; or
- (d) an entity, if a person referred to in paragraph (a) or (b) has a direct or indirect beneficial interest in not less than 10 percent of the entity.

### COMMENTARY

4.17 This definition extends beyond loans direct to directors, to include loans in a variety of circumstances where a director may receive different forms of beneficial treatments through loans by nature of their relationships and position.

### STANDARD

**4.18 “Non-current assets” are those assets which are not included in the definition of “current asset”.**

**4.19 “Non-current liabilities” are those liabilities which are not included in the definition of “current liability”.**

### COMMENTARY

4.20 The current portion of a non-current liability may be excluded from current liabilities if the entity intends to refinance the obligation on a long-term basis and there is reasonable assurance that the entity will be able to do so. Demonstration of this ability could include:

- (a) the issue of share capital or a long-term obligation on a long-term basis after the date of the statement of financial position;
- (b) a non-cancellable financing agreement that does not expire within one year of the statement of financial position date and that the lender or investor is financially capable of honouring; or
- (c) refinancing on a medium or long-term basis, where the refinancing is carried out with the same lender or group of lenders and is completed prior to the due date.

### STANDARD

**4.21 “Operating expense” means the amount of expense entering into the determination of operating surplus (or deficit).**

**4.22 “Operating revenue” means the amount of revenue entering into the determination of operating surplus (or deficit).**

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### COMMENTARY

4.23 Operating revenue is often determined after deducting returns, allowances, duties, taxes and other amounts collected on behalf of third parties.

4.24 Components of operating revenue may include sales, lease, rental and investment income. Operating revenue may also include (particularly for public sector entities) taxes, rates, fines, donations, grants and resource rentals. Operating revenue for not-for-profit entities may include subscriptions and donations.

### STANDARD

**4.25 “Operating surplus (deficit)” is a measure of financial performance resulting from transactions and other events during a period, excluding:**

- (a) changes in equity resulting from the effect of extraordinary items;
- (b) changes in reserves recognised in the statement of movements in equity;
- (c) currency translation differences permitted to be recognised in the statement of movements in equity; and
- (d) distributions to and contributions by owners.

4.26 “Spouse” in relation to a person includes a person with whom that person has a relationship in the nature of marriage.

## FINANCIAL REPORTING

### 5 GENERAL DISCLOSURES

5.1 A component of a financial statement shall be reported separately if its disclosure is necessary in order to achieve the objectives of general purpose financial reporting.

5.2 The amounts and classifications of items shall be supplemented if necessary by additional information about their nature and circumstances. Material items shall not be aggregated with other items. Items shall not be offset against other items unless a right of set-off exists (refer to FRS-27: *Right of Set-off*).

5.3 If the current and preceding periods of the entity’s financial reports are of unequal length, that fact shall be prominently stated.

5.4 Where an entity has published prospective financial information other than prospective financial information expressed solely in general terms, for the period of the financial report, the entity shall present a comparison of the prospective financial information previously published with the actual financial results being reported. Explanations for major variations shall be given.



*COMMENTARY*

5.4A FRS-29: *Prospective Financial Information* defines “prospective financial information” and gives guidance on the meaning of prospective financial information “expressed solely in general terms.”

*STANDARD*

**5.5 Comparative figures for the prior period shall be given for all items disclosed in accordance with this Standard, except that comparative figures are not required in the first period of application of this Standard for items not previously required to be disclosed in the prior period.**

**6 STATEMENT OF FINANCIAL PERFORMANCE**

*COMMENTARY*

6.1 Section B, paragraphs 6.1 to 6.14 of FRS-2: *Presentation of Financial Reports* describe the basic principles and requirements of a statement of financial performance. The detailed requirements of this Standard are to be read in the context thereof.

**Continuing Activities**

*STANDARD*

**\* 6.2 The operating revenue and operating surplus (deficit) from continuing activities shall be disclosed separately.**

*COMMENTARY*

6.3 An entity typically has a nucleus of activities, the financial results of which can be expected to show a characteristic pattern over time. The results generated in those continuing activities are a base from which to assess past and future financial performance. It is essential, then, that the results of continuing activities are distinguished from the results of discontinued activities.

**Discontinued Activities**

*STANDARD*

**\* 6.4 The operating revenue and operating surplus (deficit) from discontinued activities shall be disclosed separately.**

*COMMENTARY*

6.5 The results from discontinued activities are a component of the operating surplus for the period, and are to be disclosed separately from the results from continuing activities. The results from discontinued activities reflect in part the

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\* See paragraph 2.2

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entity's performance in the period, and knowledge of this is necessary for an accurate assessment of that performance. Failure to disclose discontinued activities could impair the assessment of the entity's future financial performance. Where practical, the gain or loss on the sale of assets from the discontinued activities is to be disclosed as a separate component of the results from discontinued activities to ensure that the ordinary trading activities that are discontinued are distinguished from the gain or loss on sale.

### Revenue

#### *STANDARD*

**6.6 Total operating revenue shall be disclosed separately.**

**6.7 Items included in operating revenue shall be disclosed separately if they are of such incidence and size, or of such nature, that their disclosure is necessary to explain the performance of the entity. An adequate description of each item shall be given to enable its nature to be understood.**

#### *COMMENTARY*

6.8 Separate disclosure may be justified if an item of revenue is of such incidence and size, or of such nature, in relation to the usual transactions of the entity that disclosure of the revenue is necessary to meet the objectives of general purpose financial reporting. Incidence and size would normally be evaluated together. To determine whether the nature of an item of revenue would necessitate separate disclosure involves an evaluation of its characteristics, and an assessment of whether or not those characteristics give rise to the need for separate disclosure of the revenue. This assessment is necessary in order that users will have available to them sufficient and appropriate information for decision making. In some cases such items might have previously been described as "abnormal items" or "extraordinary items".

#### *STANDARD*

**6.9 The following items of operating revenue shall be disclosed separately:**

- \* (a) dividend revenue; and
- \* (b) interest revenue.

### Expense

**6.10 Components of operating expense shall be disclosed separately if separate disclosure is necessary to achieve the objectives of general purpose financial reporting.**

**6.11 Items included in operating expense shall be disclosed separately if they are of such incidence and size, or of such nature, that their disclosure is**

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\* See paragraph 2.2

**necessary to explain the performance of the entity. An adequate description of each item shall be given to enable its nature to be understood.**

*COMMENTARY*

6.12 Separate disclosure may be justified if an item of expense is of such incidence and size, or of such nature, in relation to the usual transactions of the entity that disclosure of the expense is necessary to meet the objectives of general purpose financial reporting. Incidence and size would normally be evaluated together. To determine whether the nature of an item of expense would necessitate separate disclosure involves an evaluation of its characteristics, and an assessment of whether or not those characteristics give rise to the need for separate disclosure of the expense. This assessment is necessary in order that users will have available to them sufficient and appropriate information for decision making. In some cases such items might have previously been described as “abnormal items” or “extraordinary items”.

*STANDARD*

**6.13 The following items of expense shall be disclosed separately:**

- (a) diminution in the value of assets (other than depreciation);**
- (b) amortisation of goodwill;**
- (c) amortisation of other intangible assets;**
- (d) bad and doubtful debts, distinguishing between:**
  - \* **(i) debts written off, and**
  - \* **(ii) changes in the provision for doubtful debts;**
- (e) fees paid to auditors, disclosing separately fees paid to:**
  - \* **(i) each (if more than one) auditor of the parent entity for the audit of the financial report;**
  - \* **(ii) any other auditor(s) of entities in the group (not including the parent entity) for the audit of the financial report(s);**
  - \* **(iii) the auditor(s) of the parent entity for other services provided to group entities by the auditor(s) or entities related to the auditor(s);**
- (f) total directors’ fees;**
- \* **(g) donations;**
- (h) interest expense and similar charges; and**
- (i) cost of leasing and renting items which if purchased would be fixed assets.**

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\* See paragraph 2.2

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### COMMENTARY

6.14 In most circumstances the items listed in 6.13 would, by their nature, be material.

6.15 Fees paid to auditors for other services includes fees received by the auditor(s) or entities related to the auditor for services such as consulting projects and taxation advice.

6.16 Disclosure of directors' fees applies to directors, as defined in paragraph 4.7, of the entity reporting. Therefore when the financial report is a group financial report, the fees are the total directors' fees of directors occupying positions on the governing body of the group. The total directors' fees disclosed will not include the directors' fees of directors of all the separate entities in the group. When the financial report is the report of an entity other than a group, it will be the total directors' fees of the directors of that particular entity.

## 7 STATEMENT OF MOVEMENTS IN EQUITY

7.1 Section B, paragraphs 7.1 to 7.8 of FRS-2: *Presentation of Financial Reports* describe the basic principles and requirements of a statement of movements in equity.

## 8 STATEMENT OF FINANCIAL POSITION

8.1 Section B, paragraphs 8.1 to 8.8 of FRS-2: *Presentation of Financial Reports* describe the basic principles and requirements of a statement of financial position. The detailed requirements of this Standard are to be read in the context thereof.

### Assets

#### STANDARD

**8.2 The following items shall be disclosed separately and appropriately described in accordance with paragraph 8.5 of FRS-2: *Presentation of Financial Reports*, as current and/or non-current assets whichever is applicable, or in the broad order of their liquidity:**

- (a) **receivables, distinguishing between:**
  - (i) **trade receivables;**
  - (ii) **loans to directors and other receivables from directors;**
  - (iii) **amounts receivable:**
    - **inter-entity (excluding those items eliminated in the preparation of the financial report);**
    - **from associates or other equity accounted entities;**
    - **from other related parties;**

- (b) investments, distinguishing between:
  - (i) subsidiaries (to the extent that these are not eliminated on consolidation);
  - (ii) in-substance subsidiaries (to the extent that these are not eliminated on consolidation);
  - (iii) associates;
  - (iv) investment in government, local body and secured loans (including debentures);
  - (v) rights or interests in business undertakings;
  - (vi) other investments;
- (c) bank balances, deposits and cash;
- (d) land;
- (e) buildings; and
- (f) intangibles, distinguishing between:
  - \* (i) goodwill; and
  - \* (ii) separately identifiable intangible assets.

**8.3** Where an investment is publicly traded, the market value of that investment at the date of the statement of financial position shall be disclosed.

- \* **8.4** Where land or buildings are recorded at other than fair value, an indication of the fair value of land and of buildings and the basis of valuation shall be provided.

*COMMENTARY*

8.5 Valuation of land or buildings, for the purposes of paragraph 8.4 may be either an independent valuation or a directors' valuation.

*STANDARD*

**8.6** Loans to directors shall be disclosed separately. A summary of the interest rate and terms of repayments of these loans shall also be disclosed.

**8.7** Where assets are restricted in their use or disposal, this fact shall be disclosed.

**8.8** Entities shall disclose restrictions on legal titles to assets.

*COMMENTARY*

8.9 Restrictions envisaged by paragraphs 8.7 and 8.8 include Romalpa clauses, mortgages, fixed and floating charges and restrictions associated with Treaty of Waitangi claims. It does not include such restrictions as rights of way. Where practical for the purposes of paragraphs 8.7 and 8.8 it is appropriate to quantify the value of assets on which there are restrictions.

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\* See paragraph 2.2

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### Liabilities

#### STANDARD

**8.10** The following items shall be disclosed separately and appropriately described in accordance with paragraph 8.5 of FRS-2: *Presentation of Financial Reports*, as current and/or non-current liabilities whichever is applicable, or in the broad order of their liquidity:

- (a) trade creditors;
- (b) amounts payable, distinguishing between:
  - (i) inter-entity (excluding those items eliminated in the preparation of the financial report);
  - (ii) to associates or other equity accounted entities;
  - (iii) to directors;
  - (iv) to other related parties;
- \* (c) employee entitlements;
- (d) dividends payable;
- (e) loans, including bank overdrafts, secured over assets of the entity; and
- (f) unsecured loans.

\* **8.11** The notes to the financial statements shall include a summary of the interest rates, repayment terms, priorities, conversion features and amounts of unamortised premium or discounts of non-current liabilities.

#### COMMENTARY

8.12 In terms of the summary required in paragraph 8.11 above, it is not possible to establish rules as to the amount of detail concerning non-current liabilities that is to be disclosed in each case. Provision of a range of repayment dates and interest rates, although constituting a summary as required by this Standard, is a minimum and, depending on the circumstances, may not be sufficiently informative to users of financial statements.

#### STANDARD

**8.13** Where a liability has been secured, the nature of the security shall be disclosed.

\* **8.14** Entities shall disclose information from which it is possible to identify and evaluate exceptional risks of operating.

#### COMMENTARY

8.15 Exceptional risks can include:

- (a) operating or borrowing in other currencies, including the risk of foreign currency fluctuations; or
- (b) dependence on a small number of suppliers or customers.

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\* See paragraph 2.2

*STANDARD*

**8.16 Entities shall disclose amounts committed for future capital expenditure.**

**Equity**

**8.17 There shall be disclosure of the entity's equity.**

*COMMENTARY*

8.18 Equity is the residual interest in the assets of the entity after deduction of its liabilities. Equity is measured as the difference between assets and liabilities.

*STANDARD*

**8.19 Components of equity shall be disclosed separately if separate disclosure is necessary to achieve the objectives of general purpose financial reporting.**

*COMMENTARY*

8.20 In separately disclosing components of equity to achieve the objectives of general purpose financial reporting, two most common components are contributed capital and other equity. Separate disclosure of individual components of other equity may also be specifically required under financial reporting standards.

8.21 When consolidated financial statements are presented, FRS-2: *Presentation of Financial Reports* requires disclosure of any minority interest in group equity.

**Specific Disclosures — Companies**

*STANDARD*

**8.22 The following items shall be disclosed separately and appropriately described:**

- (a) **for each class of share:**
  - (i) **number of shares on issue and the extent to which the shares are yet to be paid-up;**
  - (ii) **rights attaching to the shares, including voting rights, fixed dividend rights, and rights to share in any surplus on winding up of the company; and**
  - (iii) **redemption features of the shares;**
- (b) **capital not capable of being called upon, except in the event of, and for the purpose of, the winding up of the company;**
- (c) **share warrants (options), including the terms of exercise of the warrants;**
- (d) **calls in arrears; and**
- (e) **cumulative preferred dividends in arrears.**

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### APPENDIX

#### Comparison of FRS-9 with International and Australian Accounting Standards

This comparison appendix, which was prepared as at 1 February 1995 and deals only with significant differences in the standards, is produced for information purposes only and does not form part of the standards in FRS-9. The International Accounting Standards referred to in this Appendix were promulgated by the International Accounting Standards Committee.

The International and Australian accounting standards comparable with FRS-9 are:

- IAS-5 (1977): *Information to be Disclosed in Financial Statements*;
- IAS-8 (1993): *Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies*;
- IAS-18 (1993): *Revenue*;
- AASB 1004 (1986): *Disclosure of Operating Revenue*;
- AASB 1018 (1992): *Profit and Loss Accounts*;
- AAS-1 (1992): *Profit and Loss or Other Operating Statements*; and
- AAS-15 (1986): *Disclosure of Operating Revenue*.

The following summarises the significant differences in the above standards.

#### Revenue Disclosure

FRS-9 requires disclosure of operating revenue, and the major components of it, in the statement of financial performance.

The scope of IAS-18 encompasses the recognition of revenues, but excludes a number of transaction types, such as leases, insurance contracts and mineral extraction, from the provisions of the pronouncement. IAS-18 identifies the bases for revenue recognition of interest, royalties, and dividends. IAS-8 requires disclosure of sales, service revenue, interest, royalties and dividends. IAS-5 lists the items to be disclosed, including taxes, depreciation, interest income and expense, unusual charges and credits, and net profit or loss. None of the standards prescribes formats. Similar disclosure requirements are not contained in AASB 1018 or AAS-1 as the disclosures are required by statute. Revenue recognition is addressed in the Statement of Accounting Concepts SAC 4: *Definition and Recognition of the Elements of Financial Statements*, and AASB 1004 and AAS-15 require the disclosure of operating revenue. If “other revenue” is material, it is to be disclosed separately from “sales” revenue.

AASB 1018 and AAS-1 require operating profit before income tax, the income tax expense and operating profit after income tax to be disclosed. AASB 1018 and AAS-1 pronouncements require that abnormal items must be reported inclusive of



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tax but that the tax attributable to each abnormal item must be disclosed, and also require that the aggregate amount of extraordinary items be disclosed on the face of the profit and loss statement. Both FRS-9 and IAS-8 require disclosure of items which are of such size, nature or incidence that their disclosure is relevant to explain the performance of the entity although these are not called abnormal items. AASB 1018, AAS-1, IAS-5 and FRS-9 all require prior period comparative figures for the profit and loss account.

### **Expense Disclosure**

IAS-5 requires disclosure of depreciation, interest expense, and unusual charges. The Australian AASB 1018 and AAS standards do not address specific expense disclosure, except for abnormal and extraordinary expenses.

### **Disclosures in the Statement of Financial Position**

IAS-5 and FRS-9 are generally similar in requiring disclosure of assets and liabilities. FRS-9 separates out a statement of movements in equity from the statement of financial position, whereas IAS-5 requires the disclosure of movements in share capital accounts, reserves and retained earnings for the period. AASB 1018 and AAS-1 require movements to and from reserves to the extent that they affect retained earnings to be disclosed after the profit or loss. Disclosures of other movements in equity are required by statute.

### **Continuing/Discontinued Operations**

AASB 1018 and AAS-1 do not prescribe classifications within extraordinary items, but in the commentary provide examples of events which might be classified as extraordinary items, including sale of or abandonment of a significant business or all the assets associated with such a business.

IAS-8 refers to discontinued operations. It does not refer to acquisitions or new operations, nor does it refer to a continuing/discontinued distinction. Generally it requires that when items of income and expense are such a size, nature or incidence that their disclosure is relevant to explaining the performance of the enterprise for the period, the nature and amount of such items should be disclosed separately. A list of circumstances which may give rise to the separate disclosure is provided which includes discontinued operations, although it does not specifically include acquisitions.

### **HISTORY**

*Previously issued accounting standards superseded by this Financial Reporting Standard:*

*SSAP-9: Information to be Disclosed in Company Balance Sheets and Profit and Loss Accounts (issued August 1978 and effective for periods commencing on or after 31 March 1979).*

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**2 - 164.6**  
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