

TABLE OF CONTENTS

About Wolters Kluwer	iii
About the Author.....	v
Dedication	vi
Preface.....	vii
Index of Referenced Reporting Standards	xxxi
Chapter 1: Financial Instruments – Recognition and Derecognition	1
1.1 Introduction.....	1
1.2 Definitions	2
1.2.1 Financial Instruments.....	2
1.2.2 Financial Assets.....	4
1.2.3 Financial Liabilities.....	4
1.2.4 Equity Instruments	5
1.2.5 Derivatives	5
1.3 Recognition	7
1.3.1 Initial Recognition.....	7
1.4 Classification of Financial Assets.....	8
1.4.1 Categories of Financial Assets and Classification Criteria	8
1.4.2 Some Exceptions to the Classification	1
1.4.3 Assessing an Entity’s Business Model for Managing Financial Assets.....	13
1.4.4 Contractual Cash Flows of Principal and Interest on Principal	15
1.5 Classification of Financial Liabilities.....	15
1.5.1 Categories of Financial Liabilities	16
1.5.2 Option to Designate Financial Liabilities at Fair Value	16
1.5.3 Treatment of Own Credit Risk	16
1.6 Derecognition of Financial Assets	18
1.6.1 Criteria for Derecognition.....	18
1.6.2 Transfers that Qualify for Derecognition.....	21
1.6.3 Derecognition in Parts.....	25
1.6.4 Transfers that Do Not Qualify for Derecognition	26
1.6.5 Continuing Involvement in a Transferred Asset.....	27
1.6.6 All Transfers.....	28

1.7	Regular Way Purchase or Sale of a Financial Asset.....	29
1.8	Derecognition of Financial Liabilities	31
1.8.1	Exchanges and Modifications of Debt Instruments	32
1.8.2	IC Int. 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	33
1.9	Accounting for Derivative Instruments.....	34
1.9.1	Forward Contracts	34
1.9.2	Futures Contracts	44
1.9.3	Swap Contracts.....	51
1.9.4	Option Contracts	51
1.9.5	Summary of Accounting for Derivatives	54
1.10	Embedded Derivatives	54
1.10.1	What are Embedded Derivatives?	54
1.10.2	Hybrid Contracts with Financial Asset Hosts	55
1.10.3	Other Hybrid Contracts.....	56
1.10.4	Examples of Accounting for Embedded Derivatives	57
1.10.5	Reassessment of Embedded Derivatives.....	63
	Chapter 2: Financial Instruments – Measurement and Reclassification.....	65
2.1	Measurement	65
2.1.1	The Debates on Which is the Best Measurement Model	65
2.1.2	Initial Measurement of Financial Assets and Financial Liabilities	66
2.1.3	Subsequent Measurement of Financial Assets	69
2.1.4	Subsequent Measurement of Financial Liabilities	75
2.2	Fair Value Measurement Considerations	87
2.2.1	MFRS 13 <i>Fair Value Measurement</i>	87
2.3	Reclassifications.....	94
2.3.1	From Amortised Cost to Fair Value Through Profit or Loss	94
2.3.2	From Fair Value Through Profit or Loss to Amortised Cost.....	96
2.3.3	From Amortised Cost to Fair Value Through OCI.....	96
2.4	Gains and Losses on Remeasurement.....	97
2.4.1	Assets and Liabilities Measured at Fair Value	97
2.4.2	Assets and Liabilities Measured at Amortised Cost	97
2.4.3	If Settlement Date Accounting is Applied.....	97
2.4.4	Equity Investments – Option to Present Change in Value in OCI	98

2.4.5	Financial Liabilities Designated at Fair Value Through Profit or Loss.....	98
2.4.6	Financial Assets Measured at Fair Value Through OCI.....	98
2.4.7	Financial Assets and Liabilities Denominated in a Foreign Currency	103
2.4.8	The Hybrid Treatment for Debt Instruments in MFRS 9.....	106
2.5	Impairment of Financial Assets.....	109
2.5.1	Recognition of Expected Credit Losses	110
2.5.2	Financial Asset that Is Considered Credit-Impaired	113
2.5.3	Purchased or Originated Credit-Impaired Financial Assets	113
2.5.4	Measurement of Expected Credit Losses	114
2.5.5	Stages in the Expected Credit Loss Model	117
2.5.6	Debt Instruments Mandatorily Measured at Fair Value Through OCI.....	119
2.5.7	Simplified Approach for Trade Receivables, Contract Assets and Lease Receivables	122
2.5.8	Other Requirements in MFRS 9.....	123
	Chapter 3: Hedging and Hedge Accounting.....	127
3.1	Introduction to Hedging and Hedging Accounting	127
3.1.1	Financial Risks	127
3.1.2	Basic Principles of Hedging.....	128
3.1.3	What is Hedge Accounting?.....	128
3.2	The New Hedge Accounting Model in MFRS 9.....	129
3.2.1	Qualifying Hedging Instrument	129
3.2.2	Qualifying Hedged Items	130
3.2.3	Qualifying Criteria for Hedge Accounting.....	131
3.3	Hedging Relationships	134
3.4	Fair Value Hedge Accounting	135
3.4.1	The Accounting Treatments	135
3.4.2	Fair Value Hedge of Price Risk of Quoted Equity Investments.....	135
3.4.3	Fair Value Hedge of Debt Instruments Measured at FVOCI.....	137
3.4.4	Fair Value Hedge of Debt Instruments Measured at Amortised Cost	140
3.4.5	Fair Value Hedge of a Firm Commitment.....	144
3.5	Cash Flow Hedge Accounting.....	146
3.5.1	The Accounting Treatments	146
3.5.2	Hedge Effectiveness in a Cash Flow Hedge	147
3.5.3	Cash Flow Hedge of a Variable Rate Debt Instrument	148

5.7	Retrospective Adjustments.....	298
5.8	Presentation and Disclosure.....	298
5.8.1	Presentation.....	298
5.8.2	Disclosure.....	299
Chapter 6: Shares and Business Valuation.....		301
6.1	The Fundamental Theories of Share Prices in the Marketplace.....	301
6.1.1	The Constant Dividend Valuation Model.....	302
6.1.2	The Normal (or Gordon's) Growth Model.....	302
6.1.3	The Supernormal Dividend Growth Model.....	302
6.2	The Efficient Market Hypothesis.....	304
6.2.1	The Weak Form Hypothesis.....	304
6.2.2	The Semi-Strong Form Hypothesis.....	304
6.2.3	The Strong Form Hypothesis.....	305
6.2.4	Efficient Markets – A Summing Up.....	305
6.3	Practical Approaches to Share and Business Valuation.....	305
6.3.1	Reasons for Share and Business Valuation.....	305
6.3.2	Approaches to Share and Business Valuation.....	305
6.3.3	Assets-Based Valuation Methods.....	306
6.3.4	Earnings-Based Valuation Methods.....	312
6.3.5	A Comprehensive Case on Share and Business Valuation.....	318
6.3.6	Valuation of Entities with Potential Ordinary Shares.....	322
Chapter 7: Business Combinations.....		325
7.1	Introduction.....	325
7.1.1	Background to the Standards on Business Combinations.....	325
7.1.2	Scope of MFRS 3.....	326
7.2	Identifying a Business.....	326
7.3	Identifying a Business Combination.....	329
7.3.1	Business Combinations Involving Entities under Common Control.....	330
7.4	Application of the Acquisition Method.....	330
7.4.1	Identifying the Acquirer.....	331
7.4.2	Determining the Acquisition Date.....	332
7.4.3	Measuring the Fair Value of the Consideration Transferred.....	335
7.4.4	Recognising and Measuring the Identifiable Assets Acquired, Liabilities Assumed and Non-Controlling Interest in the Acquiree.....	346
7.4.5	Recognising and Measuring Goodwill or Gain from a Bargain Purchase.....	364

7.5	Business Combination Achieved in Stages.....	376
7.6	Changes in Stakes After the Acquisition Date.....	382
7.7	Business Combination Achieved Without Transfer of Consideration.....	388
7.8	Business Combination Achieved by Contract Alone.....	390
7.9	Measurement Period.....	392
7.9.1	Measurement Period Adjustments.....	392
7.9.2	Adjustments After the Measurement Period.....	395
7.10	Determining What is Part of the Business Combination Transaction.....	396
Chapter 8: Reverse Acquisitions, Mergers and Combined Financial Statements.....		401
8.1	Identifying the Acquirer in a Reverse Acquisition.....	401
8.1.1	What Constitutes a Reverse Acquisition?.....	401
8.1.2	The Accounting Requirements.....	402
8.2	Reverse Acquisition Accounting.....	403
8.3	Non-Controlling Interest in a Reverse Acquisition.....	407
8.4	Reverse Acquisition in a New Holding Entity.....	410
8.5	Principles of the Merger Method.....	414
8.5.1	Background to Merger Accounting.....	416
8.5.2	Legal Requirements for Merger Accounting in Malaysia.....	417
8.6	Accounting Procedures of the Merger Method.....	417
8.6.1	Recording the Cost of Merger.....	418
8.6.2	The Consolidated Statement of Financial Position.....	420
8.6.3	The Consolidated Statement of Comprehensive Income.....	421
8.6.4	Merger Difference on Consolidation.....	425
8.6.5	Comparison of Acquisition Method and Merger Method.....	429
8.7	Combined Financial Statements.....	429
8.7.1	What are Combined Financial Statements?.....	430
8.7.2	Scenarios in Which Consolidated Financial Statements Are Required by MFRSs.....	431
8.7.3	When are Combined Financial Statements More Appropriate.....	431
8.7.4	When to Prepare and Present Combined Financial Statements.....	434
8.7.5	The Procedures in Preparing Combined Financial Statements.....	436
Chapter 9: Consolidated and Separate Financial Statements.....		441
9.1	Introduction.....	441
9.2	Background to the Standards on Consolidation.....	442
9.2.1	Reasons for Issuing IFRS 10 <i>Consolidated Financial Statements</i>	442
9.2.2	The Salient Features of MFRS 10.....	443

9.2.3	Application of the Control Model.....	444
9.2.4	Requirement in MPERS.....	447
9.3	Application of MFRS 10.....	447
9.3.1	Scope.....	447
9.3.2	Scope of Consolidated Financial Statements.....	448
9.3.3	Definitions.....	448
9.3.4	Control by Operation of Law or Agreement with Other Investors.....	450
9.3.5	Control by Holding Sufficient Voting Rights.....	450
9.3.6	Control of Structured Entities.....	451
9.3.7	Requirements for Group Accounts.....	453
9.3.8	Basic Concepts of Group Accounts.....	453
9.4	Consolidation Procedures.....	454
9.4.1	Intragroup Investments.....	454
9.4.2	Other Intragroup Balances.....	454
9.4.3	Intragroup Transactions and Unrealised Profits or Losses.....	463
9.4.4	Subsidiary that Has a Different Reporting Date.....	480
9.4.5	Uniform Accounting Policies.....	481
9.5	Allocating Losses to Non-Controlling Interest.....	481
9.6	The Separate Financial Statements of a Parent.....	487
9.6.1	Equity Method or Fair Value Method in the Separate Financial Statements.....	488
9.6.2	When the New Holding Company is the Parent of the Entity.....	488
9.6.3	When the New Holding Company is an Intermediate Parent of the Group.....	491
9.7	Complex Group Structures.....	493
9.7.1	Indirect Interests.....	493
9.7.2	When an Ultimate Parent Acquires a Group of Entities.....	498
9.7.3	Direct and Indirect Interests in a Subsidiary.....	501
	Chapter 10: Advanced Consolidation Principles.....	509
10.1	Introduction.....	509
10.2	Reduction in Stake Without Loss of Control.....	509
10.3	Subsidiaries Held for Sale and Discontinued Operations.....	515
10.3.1	Subsidiaries Held for Sale.....	515
10.3.2	Discontinued Operations.....	515
10.4	Loss of Control and Derecognition of a Subsidiary.....	520
10.4.1	Derecognition Principles.....	520

10.4.2	Absolute Decrease in Ownership by Disposal.....	521
10.4.3	Dilution of Equity Interest and Deemed Disposal.....	540
10.4.4	Multiple Arrangements that Formed a Single Transaction.....	544
10.4.5	Distribution in Specie.....	546
10.5	Reorganisations and Other Changes in Group Structures.....	549
10.5.1	Transfer Down a Direct Subsidiary.....	550
10.5.2	Transfer Up an Indirect Subsidiary.....	552
10.5.3	Distribution in Specie within Group Entities.....	556
10.5.4	Changes Involving Formation of a New Holding Company.....	559
10.5.5	Changes that Affect Independent Third Parties.....	559
10.5.6	Demergers.....	561
10.6	Reciprocal Shareholdings between Parent and Subsidiaries.....	564
10.6.1	Methods of Accounting for Reciprocal Shareholdings.....	564
10.7	Mutual Holdings Amongst Subsidiaries in a Group.....	569
	Chapter 11: Joint Arrangements and Associates.....	573
11.1	Background to IFRS 11 and the Revised IAS 28.....	573
11.1.1	IASB's Reasons for Issuing IFRS 11 <i>Joint Arrangements</i>	573
11.1.2	The Salient Features of IFRS 11.....	574
11.2	Principles of Investments in Joint Arrangements.....	575
11.2.1	Accounting Treatment for a Joint Operation.....	578
11.2.2	Accounting Treatment for a Joint Venture.....	581
11.3	Principles of Investments in Associates.....	582
11.4	The Equity Method of Accounting.....	583
11.4.1	Exemption from the Equity Method.....	586
11.4.2	Consolidated Comprehensive Income with Associates and Joint Ventures.....	588
11.4.3	Notional Fair Value Adjustments and Goodwill on Acquisition.....	592
11.4.4	Share of Other Net Asset Changes in an Associate or Joint Venture.....	595
11.4.5	Indirect Interests in an Associate or a Joint Venture.....	597
11.5	Transactions with an Associate or a Joint Venture.....	601
11.5.1	Intercompany Sales of Inventories with an Associate or a Joint Venture.....	602
11.5.2	Sale or Transfer of Property, Plant and Equipment.....	603
11.5.3	When there is Impairment.....	605
11.5.4	Sale or Contribution of Non-monetary Assets in Exchange for Equity Interest.....	605

11.5.5	Elimination of Unrealised Profit Resulting in Deficit Carrying Amount.....	606
11.5.6	A Potential Conflict of Accounting Treatments	607
11.5.7	Other Intercompany Balances with an Associate or a Joint Venture.....	608
11.6	Goodwill, Impairment Test and Bargain Purchase.....	609
11.6.1	Goodwill and Impairment Test.....	609
11.6.2	Bargain Purchase.....	610
11.7	When the Associate or Joint Venture is a Group.....	610
11.8	Other Requirements of MFRS 128	614
11.8.1	Non-Coterminous Year-End Dates.....	614
11.8.2	Associate or Joint Venture with Cumulative Preference Shares	615
11.8.3	Separate Financial Statements of an Investor Without Subsidiaries.....	615
11.9	Share of Losses in Associates and Joint Ventures	615
11.10	Mutual Holdings of Shares.....	618
11.10.1	Treatment when an Associate Holds a Simple Investment in the Investor	619
11.10.2	Treatment when Mutual Associates Exist	622
11.11	Discontinuation of Equity Method of Accounting	625
11.11.1	Loss of Significant Influence or Joint Control	625
11.11.2	Remeasurement and Realisation of OCI Reserves.....	625
11.12	Changes in Ownership Interest	629
11.12.1	When an Associate Becomes a Joint Venture or Vice Versa	629
11.12.2	Increase in Stake	629
11.12.3	Decrease in Stake	631
Chapter 12: Disclosures of Interests in Other Entities		633
12.1	IFRS 12 <i>Disclosures of Interests in Other Entities</i>	633
12.1.1	Reasons for Issuing IFRS 12.....	633
12.2	Salient Features of MFRS 12	634
12.2.1	Significant Judgements and Assumptions	634
12.2.2	Subsidiaries, Including Consolidated Structured Entities.....	635
12.2.3	Disclosures about Business Combinations.....	639
12.2.4	Joint Arrangements and Associates.....	642
12.2.5	Unconsolidated Structured Entities.....	645
12.2.6	Amendment (2017) to MFRS 12.....	646
Chapter 13: The Effects of Changes in Foreign Exchange Rates.....		647
13.1	Foreign Currency Transactions and Operations	647
13.2	Functional Currency and Presentation Currency	649
13.2.1	The Functional Currency.....	650

13.3	Reporting Foreign Currency Transactions in the Functional Currency	651
13.3.1	Initial Recognition.....	651
13.3.2	Settlement of Transactions	652
13.3.3	Reporting at the Ends of Subsequent Reporting Periods	653
13.3.4	Recognition of Exchange Differences.....	653
13.3.5	Functional Currency that is not a Local Currency	655
13.3.6	Net Investment in a Foreign Operation	656
13.3.7	IC Int. 22 <i>Foreign Currency Transaction and Advance Consideration</i>	659
13.3.8	Other Requirements	661
13.3.9	Change in Functional Currency	662
13.4	Use of a Presentation Currency Other Than the Functional Currency.....	662
13.4.1	Translation to the Presentation Currency	662
13.5	Translation of Financial Statements of Foreign Operations.....	665
13.5.1	The Closing Rate Method	665
13.5.2	Accounting Records Not Kept in the Functional Currency – Remeasurement	674
13.5.3	Keeping a Dual System or Remeasurement.....	675
13.5.4	Integral Operations.....	682
13.5.5	Translation of Goodwill and Fair Value Adjustments of a Foreign Operation	687
13.5.6	Summary of the Procedures of the Closing Rate Method.....	692
13.6	Foreign Branches, Associates and Joint Ventures	699
13.7	Disposal of a Foreign Operation	704
13.7.1	Disposal that Results in Derecognition of a Foreign Operation	704
13.7.2	Disposal of a Foreign Subsidiary with a Retained Interest.....	705
13.7.3	Other Disposals or Reductions in Stake that Do Not Result in Derecognition.....	711
13.7.4	Other Changes in Stake.....	713
Chapter 14: Consolidated Statement of Cash Flows		717
14.1	Introduction	717
14.1.1	Treatment of Non-Controlling Interests.....	717
14.1.2	Treatment of Associates and Joint Ventures.....	718
14.1.3	Non-Current Assets Held for Sale and Discontinued Operations	723
14.1.4	Acquisitions and Disposals of Subsidiaries and Other Business Units.....	728
14.1.5	Changes in Stakes in Subsidiaries Not Involving Loss of Control	736
14.2	Consolidating Separate Cash Flows of Parent and Subsidiaries	745
14.3	Foreign Currency Cash Flows.....	747

Chapter 15: Segment Reporting	755
15.1 Introduction.....	755
15.2 Principles of Segment Reporting.....	755
15.2.1 Theoretical Considerations to Segment Reporting.....	755
15.3 MFRS 8 <i>Operating Segments</i>	756
15.3.1 Scope of MFRS 8.....	756
15.3.2 The Management Approach to Segment Reporting.....	757
15.3.3 The Core Principle.....	757
15.3.4 Operating Segments.....	757
15.4 Identifying Reportable Segments.....	758
15.4.1 Aggregation Criteria.....	759
15.4.2 Thresholds for Reportable Segments.....	760
15.4.3 The “75% Rule”.....	761
15.4.4 “All Others Segments” Category.....	761
15.4.5 Comparative Segments.....	762
15.5 Disclosure Requirements.....	764
15.5.1 General Information.....	764
15.5.2 Quantified Information about Profit or Loss, Assets and Liabilities.....	765
15.6 Measurement Principles and Disclosures.....	767
15.6.1 Measurement of Segment Items.....	769
15.6.2 Allocating Segment Revenue, Expenses, Assets and Liabilities.....	767
15.6.3 Reconciliations.....	769
15.6.4 Restatement of Previously Reported Information.....	771
15.6.5 Entity-Wide Disclosure.....	771
15.6.6 Information about Major Customers.....	772
Chapter 16: Related Party Disclosures	775
16.1 Introduction.....	775
16.2 Principles of Related Party Disclosures.....	775
16.2.1 Issues of Related Party Transactions.....	775
16.2.2 Scope of Related Party Relationships in MFRS 124 and MPERS.....	777
16.3 Identifying Related Parties.....	779
16.3.1 Relationships Based on Individual Interests.....	780
16.3.2 Relationships Based on Corporate Interests.....	782
16.3.3 Relationships Based on Management Authority.....	784

16.4 Application Aspects of the Disclosure Requirements.....	786
16.4.1 Control Relationships.....	786
16.4.2 Key Management Personnel Compensation.....	786
16.4.3 Other Relationships and Transactions.....	787
16.5 Example of Related Party Disclosures.....	788
Chapter 17: Banks and Similar Financial Institutions	793
17.1 Reporting by Banks and Similar Financial Institutions.....	793
17.1.1 Requirements of Statutes and Standards.....	794
17.2 Financial Statements of Banks and Similar Financial Institutions.....	797
17.2.1 Statement of Financial Position.....	797
17.2.2 Statement of Profit or Loss and Other Comprehensive Income.....	799
17.2.3 Statement of Changes in Equity.....	801
17.2.4 Statement of Cash Flows.....	802
17.2.5 Notes to the Financial Statements.....	806
17.3 Impairment of Loans and Other Assets.....	828
17.3.1 Pre-MFRS 139: BNM/GP 3.....	828
17.3.2 Impairment Test under MFRS 139.....	829
17.3.3 Impairment Requirements under MFRS 9.....	833
17.4 Islamic Banking Institutions.....	734
17.5 Specialised Banks.....	835
17.5.1 Investment Banks.....	835
17.5.2 Development Financial Institutions.....	837
Chapter 18: Insurance Entities	841
18.1 Insurance Contracts and Insurance Entities.....	841
18.2 Regulations and Reporting Requirements.....	841
18.3 General Insurance Business.....	846
18.3.1 Accounting for Premiums.....	847
18.3.2 Accounting for Claims.....	854
18.3.3 Accounting for Acquisition Costs.....	860
18.3.4 Accounting for Reinsurance.....	862
18.4 Life Insurance Business.....	863
18.4.1 Accounting for Premiums.....	864
18.4.2 Accounting for Acquisition Costs.....	865

18.4.3	Accounting for Claims	865
18.4.4	Accounting for Reinsurance	868
18.4.5	Accounting for Investments	868
18.5	MFRS 4 <i>Insurance Contracts</i>	868
18.5.1	Unbundling of Deposit Components	869
18.5.2	Recognition and Measurement	869
18.5.3	Changes in Accounting Policies	870
18.6	IFRS 17 <i>Insurance Contracts</i>	870
18.6.1	Scope	871
18.6.2	Level of Aggregation of Insurance Contracts	871
18.6.3	Recognition	872
18.6.4	Measurement	872
18.6.5	Presentation in the Statement of Financial Position	877
18.6.6	Recognition and Presentation in the Statement(s) of Financial Performance	877
18.6.7	Disclosure	880
Chapter 19: Investment Trust Funds		881
19.1	Reporting by Unit Trust Funds	881
19.1.1	What is a Unit Trust Fund?	881
19.1.2	Constitution of a Unit Trust Fund	882
19.1.3	Reporting Requirements of Unit Trust Funds	883
19.1.4	Financial Statements of Unit Trust Funds	883
19.1.5	Recognition and Measurement of Unit Trust Accounting	891
19.1.6	Accounting for Dividend Equalisation	894
19.2	Reporting by Property Trust Funds	896
19.2.1	What is a Real Estate Investment Trust (REIT)?	896
19.2.2	Constitution of a REIT	896
19.2.3	Reporting Requirements of REITs	898
19.2.4	Financial Statements of REITs	899
19.2.5	Investment Properties of REITs	905
19.2.6	Distribution of Income	908
Chapter 20: Agriculture Entities		909
20.1	Accounting for Plantation Operations	909
20.1.1	The Nature of Plantation Operations	909
20.1.2	Requirements of Statutes and Accounting Standards	910
20.1.3	MAS 8 <i>Accounting for Pre-Cropping Costs</i>	913

20.1.4	Recognition and Measurement of Initial Carrying Amount of Bearer Plants	915
20.1.5	Expenditures Subsequent to Maturity of Rootstocks	916
20.1.6	Accounting Treatments for Pre-Cropping Costs	917
20.1.7	Other Sundry Issues	924
20.2	Accounting for Aquaculture	924
20.2.1	The Nature of Aquaculture Operations	924
20.2.2	Unique Features and Accounting Considerations	926
20.2.3	Designing an Aquaculture Accounting System	927
20.2.4	Accounting Treatment of Initial Investment Cost	927
20.2.5	Accounting Bases for Income Determination	928
20.2.6	Stock Valuation	929
20.2.7	Disclosure Requirements	932
20.3	Accounting for Poultry Farming	934
20.4	Accounting for Agriculture	937
20.4.1	Background to IAS 41 <i>Agriculture</i>	937
20.4.2	Bearer Plants, Amendments to IAS 16 and IAS 41	938
20.4.3	Bearer Plants as a Class of Property, Plant and Equipment	939
20.4.4	Requirements in MPERS	941
20.4.5	Recognition and Measurement in MFRS 141	942
20.4.6	Gains and Losses	944
20.4.7	Agricultural Produce of Bearer Plants	949
20.4.8	Processing After Harvest	953
20.4.9	Fair Value Measurement	957
20.4.10	Inability to Measure Fair Value Reliably	958
20.4.11	Costs Incurred in the Biological Transformation	958
20.4.12	Estimating Fair Value of Biological Assets – A Discounted Cash Flow Approach	959
20.4.13	Other Principles	963
20.4.14	Presentation and Disclosures	964
20.4.15	Physical and Price Changes of Biological Assets	969
Chapter 21: Extractive Industries		973
21.1	The Nature of Extractive Operations	973
21.2	Accounting for Exploration and Pre-Production Costs	974
21.3	Practices in Malaysia	975

21.4	Development Costs and Depletion Accounting	979
21.5	Restoration Costs	981
21.6	Provision for Retrenchment Benefits	982
21.7	MFRS 6 <i>Exploration for and Evaluation of Mineral Recourses</i>	982
21.7.1	Recognition of Exploration and Evaluation of Assets	983
21.7.2	Measurement of Exploration and Evaluation Assets	983
21.7.3	Presentation	984
21.7.4	Impairment	984
21.7.5	Disclosures	985
21.8	IC Int. 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	985
Chapter 22: Interim Reporting, Corporate Governance, Social and Voluntary Reporting		987
22.1	Reasons for Interim Financial Reporting	987
22.1.1	Basis of Preparation	988
22.2	MFRS 134 <i>Interim Financial Reporting</i>	989
22.2.1	Objective and Scope	989
22.2.2	Minimum Components in an Interim Financial Report	989
22.2.3	Form and Content in Interim Financial Statements	990
22.2.4	Selected Explanatory Note	990
22.2.5	Significant Events and Transactions	992
22.2.6	Disclosure of Compliance with MFRSs	993
22.2.7	Periods for which Interim Financial Statements are to Be Presented	993
22.2.8	Materiality	998
22.2.9	Disclosure in Annual Financial Statements	998
22.2.10	Recognition and Measurement Principles	998
22.2.11	Restatement of Previously Reported Interim Periods	999
22.2.12	Examples of Recognition and Measurement Principles	1002
22.3	Regulatory Requirements on Interim Reporting	1005
22.4	Management Commentary	1014
22.4.1	SOP 3 <i>Management Commentary</i>	1014
22.4.2	Framework for the Preparation of Management Commentary	1015
22.4.3	Presentation	1017
22.4.4	Forward-Looking Information	1020
22.5	Corporate Governance and Reporting	1020
22.5.1	The Meaning of Corporate Governance	1020
22.5.2	The Malaysian Code on Corporate Governance	1021

22.6	Corporate Social Reporting and Voluntary Disclosures	1026
22.6.1	What is Corporate Social Reporting?	1026
22.6.2	Types of Corporate Social Reporting Practices	1026
22.6.3	Other Voluntary Disclosures	1027
22.7	Reporting of Profit Forecasts and Projections	1028
22.8	Integrated Reporting – A New Trend	1029
Index	1031