Assignment (1)

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Title: International Accounting Standard (IAS) Presentation of Financial Statements

**Date of Issue:**

IAS 1, Presentation of Financial Statements, was issued by the International Accounting Standards Board (IASB) in September 2007. However, subsequent amendments have been made to the standard, with the most recent revision occurring in January 2021.

**Objectives of the Standard:**

The primary objective of IAS 1 is to prescribe the basis for presentation of general-purpose financial statements, ensuring comparability, transparency, and understandability for users. The standard aims to provide information about an entity's financial position, performance, and changes in financial position that are useful to a wide range of users in making economic decisions. It sets out the minimum requirements for the content, structure, and format of financial statements to facilitate meaningful analysis and interpretation.

**Scope of Application:**

IAS 1 applies to all general-purpose financial statements prepared in accordance with International Financial Reporting Standards (IFRS). It is applicable to all entities, regardless of their size, nature, or business activities, including corporations, partnerships, and not-for-profit organizations. The standard provides guidance for the presentation of financial statements for both consolidated and separate financial statements.

**Clarification on the Main Point in the Standard:**

The main point clarified in IAS 1 relates to the presentation and structure of financial statements. The standard establishes a clear framework for the structure of financial statements, including the minimum components required to be presented. These components consist of the statement of financial position (balance sheet), the statement of comprehensive income (income statement), the statement of changes in equity, the statement of cash flows, and the accompanying notes Additionally, IAS 1 provides guidance on the order in which these statements are to be presented and the specific line items to be included in each statement. It also emphasizes the importance of comparative information, requiring the inclusion of comparative figures from the previous reporting period for all financial statements, unless otherwise specified

Furthermore, IAS 1 highlights the importance of providing relevant and reliable information in the financial statements. It sets out the principles for selecting and presenting accounting policies, ensuring consistency in their application. It also mandates disclosures that provide additional information necessary for a complete understanding of the financial statements, including significant accounting policies, critical judgments and estimates, and related party transactions.