

Hot topics

ORS 11. Juni 2024
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Hot topics

Nytt fra IASB

- IFRS 18 Presentation and disclosures in Financial statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Eget bruk og PPA (Power purchase agreements)

Andre temaer

- Lærdom fra tilsynssaker

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IFRS 18

IFRS 18 Presentation and Disclosure in Financial Statements

Erstatter dagens IAS 1

1 Bedre veiledning for aggregering og disaggregering av informasjon

2 Resultatregnskap

Fem kategorier:

drift, investering, finansiering, skatt og avviklet virksomhet. Nye obligatoriske delsummer

Valuta og derivater kan flytte på seg. Miks mellom art og funksjon er tillatt om vilkår er oppfylt



3 Nye noteopplysninger for enkelte resultatposter

Ledelsens resultatmål (MPMs) - relativt snevert definert
Skal opplyse om enkelte kostnadsarter om disse ikke fremkommer av resultatoppstillingen: ansattytelser, avskrivninger, nedskrivninger av varelager (IAS 2) og ikke finansielle eiendeler (IAS 36)



Balanse

Krav om at goodwill skal vises på egen linje, ellers ingen endringer



Utvidet resultat

Ingen endringer



4 Kontantstrøm

Driftsresultat felles startpunkt
Policyvalg for renter fjernes.
Skal speile klassifisering i resultatregnskapet



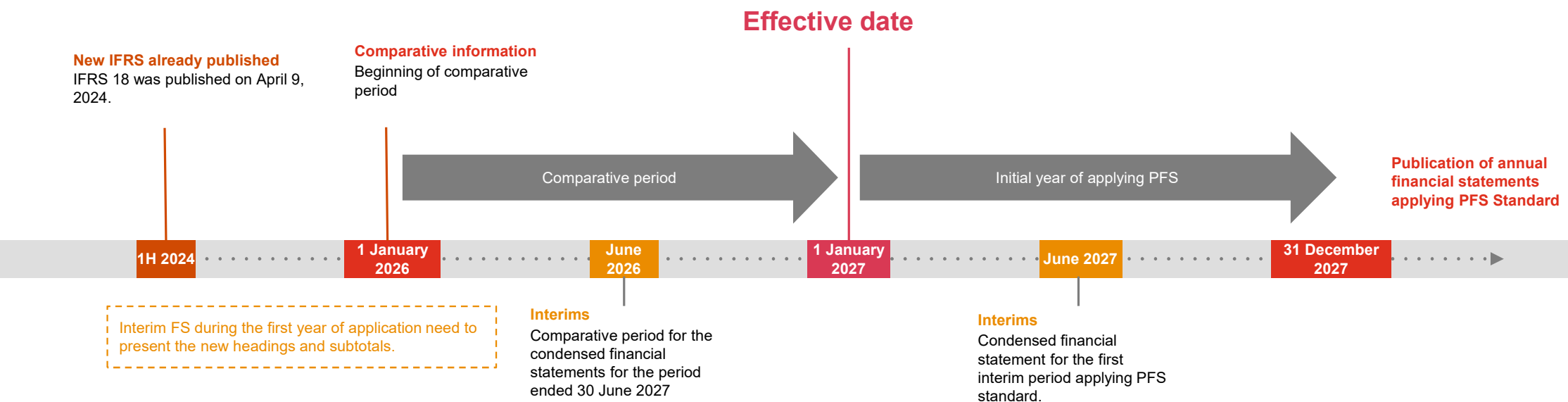
Delårsregnskap

Delsummer og kategorier i resultatregnskap skal brukes
Noteopplysninger om MPMs.



IFRS 18 Presentation and Disclosure in Financial Statements

Når kan/må standarden tas i bruk?



Forventer EU-endorsement før effective date, men EFRAG har ikke indikert dato.
Krav om å vise avstemming mellom gammel og ny resultatoppstilling året standarden tas i bruk

IFRS 18 Presentation and Disclosure in Financial Statements

New categories

Operating

- **Residual** category, not defined
- Includes:
 - income and expenses from an entity's main business activity
 - volatile and unusual income and expenses.
- Present by nature or by function

Investing

- Income and expenses on:
 - cash & cash equivalents
 - associates and JVs accounted for using the equity method
 - assets that generate a return individually and largely independently of other resources held by an entity

Financing

- All income and expenses from liabilities that involve only the raising of finance.
- Interest expense and the effects of changes in interest rates from other liabilities.

Classification differs in some cases for entities that provide financing to customers or invest in assets as a main business activity

IFRS 18 Presentation and Disclosure in Financial Statements

New required subtotals and categories

Simplified for a general corporate – by function

Present required subtotals	Revenue	X	Operating
	Cost of goods sold	(X)	
	Selling expenses	(X)	
	General and administrative expenses	(X)	
	Research and development expenses	(X)	
→	Operating profit or loss	X	
	Share of profit of associates and joint ventures accounted for using the equity method	X	Investing
→	Profit or loss before financing and income tax	X	
	Income and expenses from borrowings	(X)	Financing
	Interest expense on other liabilities	(X)	
	Profit before tax	X	
	Income tax expense	(X)	Income tax
	Profit or loss from continuing operations	X	
	Loss from discontinued operations	(X)	Discontinued operations
→	Profit for the year	X	

Simplified for a general corporate – by nature

Revenue	X	Operating
Other income	X	
Changes in inventories of finished goods and work in progress	(X)	
Raw materials used	(X)	
Employee benefits	(X)	
Depreciation	(X)	
Amortisation	(X)	
Professional fees and other expenses	(X)	
Operating profit	X	
Share of profit of associates and joint ventures accounted for using the equity method	X	Investing
Income and expenses from investments	X	
Income and expenses from cash and cash equivalents	X	
Profit before financing and income tax	X	
Income and expenses from borrowings	(X)	Financing
Unwinding of discount on provisions	(X)	
Profit before tax	X	
Income tax	(X)	
Profit for the year	X	

Classify income and expenses into categories

Kilde: BP 2023 Annual report

Group income statement

For the year ended 31 December		\$ million		
	Note	2023	2022	2021
Sales and other operating revenues	6	210,130	241,392	157,739
Earnings from joint ventures – after interest and tax	16	67	1,128	543
Earnings from associates – after interest and tax	17	831	1,402	3,456
Interest and other income	7	1,635	1,103	581
Gains on sale of businesses and fixed assets	4	369	3,866	1,876
Total revenues and other income		213,032	248,891	164,195
Purchases	19	119,307	141,043	92,923
Production and manufacturing expenses		25,044	28,610	25,843
Production and similar taxes	5	1,779	2,325	1,308
Depreciation, depletion and amortization	5	15,928	14,318	14,805
Net impairment and losses on sale of businesses and fixed assets	4	5,857	30,522	(1,121)
Exploration expense	8	997	585	424
Distribution and administration expenses		16,772	13,449	11,931
Profit (loss) before interest and taxation		27,348	18,039	18,082
Finance costs	7	3,840	2,703	2,857
Net finance (income) expense relating to pensions and other post-retirement benefits	24	(241)	(69)	(2)
Profit (loss) before taxation		23,749	15,405	15,227
Taxation	9	7,869	16,762	6,740
Profit (loss) for the year		15,880	(1,357)	8,487
Attributable to				
bp shareholders		15,239	(2,487)	7,565
Non-controlling interests		641	1,130	922
		15,880	(1,357)	8,487
Earnings per share				
Profit (loss) for the year attributable to bp shareholders				
Per ordinary share (cents)				
Basic	11	87.78	(13.10)	37.57
Diluted	11	85.85	(13.10)	37.33
Per ADS (dollars)				
Basic	11	5.27	(0.79)	2.25
Diluted	11	5.15	(0.79)	2.24

Kilde: Equinor ASA 2023 Annual report

CONSOLIDATED STATEMENT OF INCOME

(in USD million)	Note	Full year		
		2023	2022	2021
Revenues	7	106,848	149,004	88,744
Net income/(loss) from equity accounted investments	15	(1)	620	259
Other income	6	327	1,182	1,921
Total revenues and other income	7	107,174	150,806	90,924
Purchases (net of inventory variation)		(48,175)	(53,806)	(35,160)
Operating expenses		(10,582)	(9,608)	(8,598)
Selling, general and administrative expenses		(1,218)	(986)	(780)
Depreciation, amortisation and net impairment	12 , 13 , 14	(10,634)	(6,391)	(11,719)
Exploration expenses	13	(795)	(1,205)	(1,004)
Total operating expenses		(71,404)	(71,995)	(57,261)
Net operating income/(loss)	5	35,770	78,811	33,663

(in USD million)	Note	Full year		
		2023	2022	2021
Interest income and other financial income	10	2,449	1,222	38
Interest expenses and other financial expenses	10	(1,660)	(1,379)	(1,223)
Other financial items	10	1,325	(50)	(895)
Net financial items		2,114	(207)	(2,080)
Income/(loss) before tax		37,884	78,604	31,583
Income tax	11	(25,980)	(49,861)	(23,007)
Net income/(loss)		11,904	28,744	8,576
Attributable to shareholders of the company	20	11,885	28,746	8,563
Attributable to non-controlling interests		19	(3)	14
Basic earnings per share (in USD)	20	3.93	9.06	2.64
Diluted earnings per share (in USD)	20	3.93	9.03	2.63

IFRS 18 Presentation and Disclosure in Financial Statements

Specific disclosure of nature expenses

Entities that present operating expenses by function are required to provide the amount of each of the following nature items included in the function line items:

- Depreciation
- Amortisation
- Employee benefits
- Impairment of non-financial assets
- Write-down of inventory

Amount disclosed could be amount recognised as expense or cost

Alternative A: The amounts disclosed are those the entity recognised as **expenses** in the statement of profit or loss for the year.

Operating expenses by nature

Depreciation	130
Cost of goods sold	90
General and administrative expenses	10
Research and development expenses	30

Alternative B: The amounts disclosed relate to the **total cost** for the year.

Operating expenses by nature

Depreciation	175
Cost of goods sold / capitalised assets	135
General and administrative expenses	10
Research and development expenses	30

The amounts include amounts that have been capitalised by including them in the carrying amount of inventory at the end of the reporting period.

Reconciliation of property plant and equipment

Carrying amount 1.1.20X2	1,000
Impairment losses	(60)
Depreciation	(175)
Carrying amount 31.12.20X2	765

IFRS 18 Presentation and Disclosure in Financial Statements

Presentation by function and by nature

Putting it into practice ...

Question:

Can the line item 'share of profits from investments in associates accounted for using the equity method' in the investing category be disaggregated to separately present integral and non-integral associates?

IFRS 18 Presentation and Disclosure in Financial Statements

Presentation by function and by nature

Putting it into practice ...

Answer:

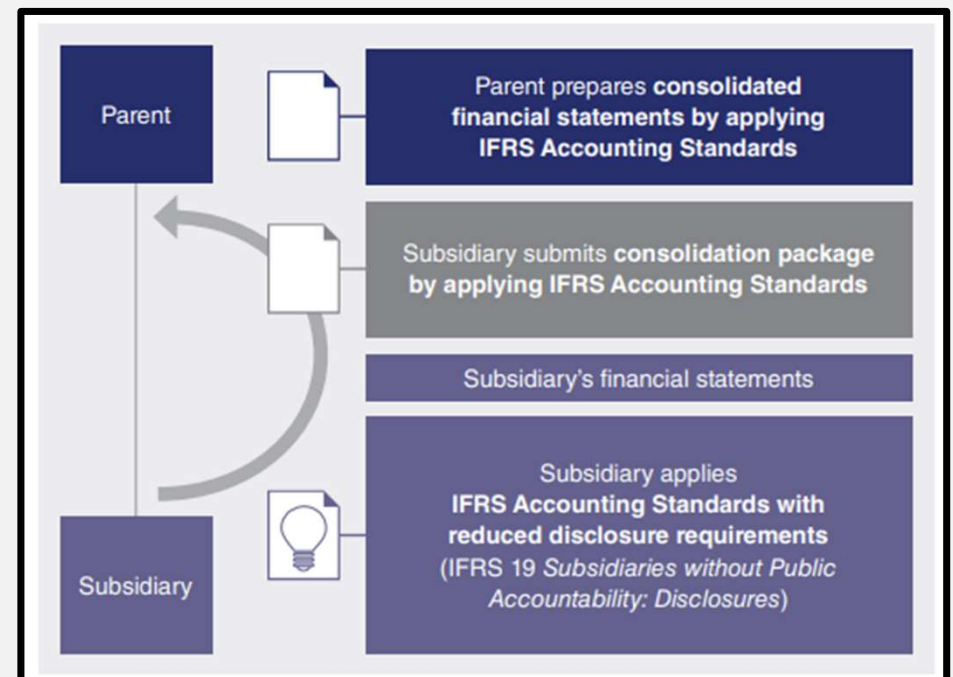
Yes, subtotal is permissible. IFRS 18 BC 127. Think about IFRS 18 para 75 - min required line items.

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IFRS 19

IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

- Publisert 9. mai 2024
- Datterselskaper i IFRS-rapporterende konsern **kan velge** å benytte denne standarden i selskapsregnskapet eller i underkonsern-regnskapet
- Datterselskapet har **ikke offentlig interesse** (public accountability), dvs er ikke:
 - notert foretak
 - i finanssektoren.
- Standarden gjelder fra **1. januar 2027**
- Tidligere anvendelse er tillatt (men foreløpig ikke endorsed, og heller ikke indikert om den blir endorsed på EFRAGs endorsement status report)



3

Power purchase
agreements

Identifying the issues

IFRS 9 refresher

Contracts to buy or sell a non-financial item are in scope of IFRS 9 if the contract **can be settled net** in a financial instrument (e.g. cash)



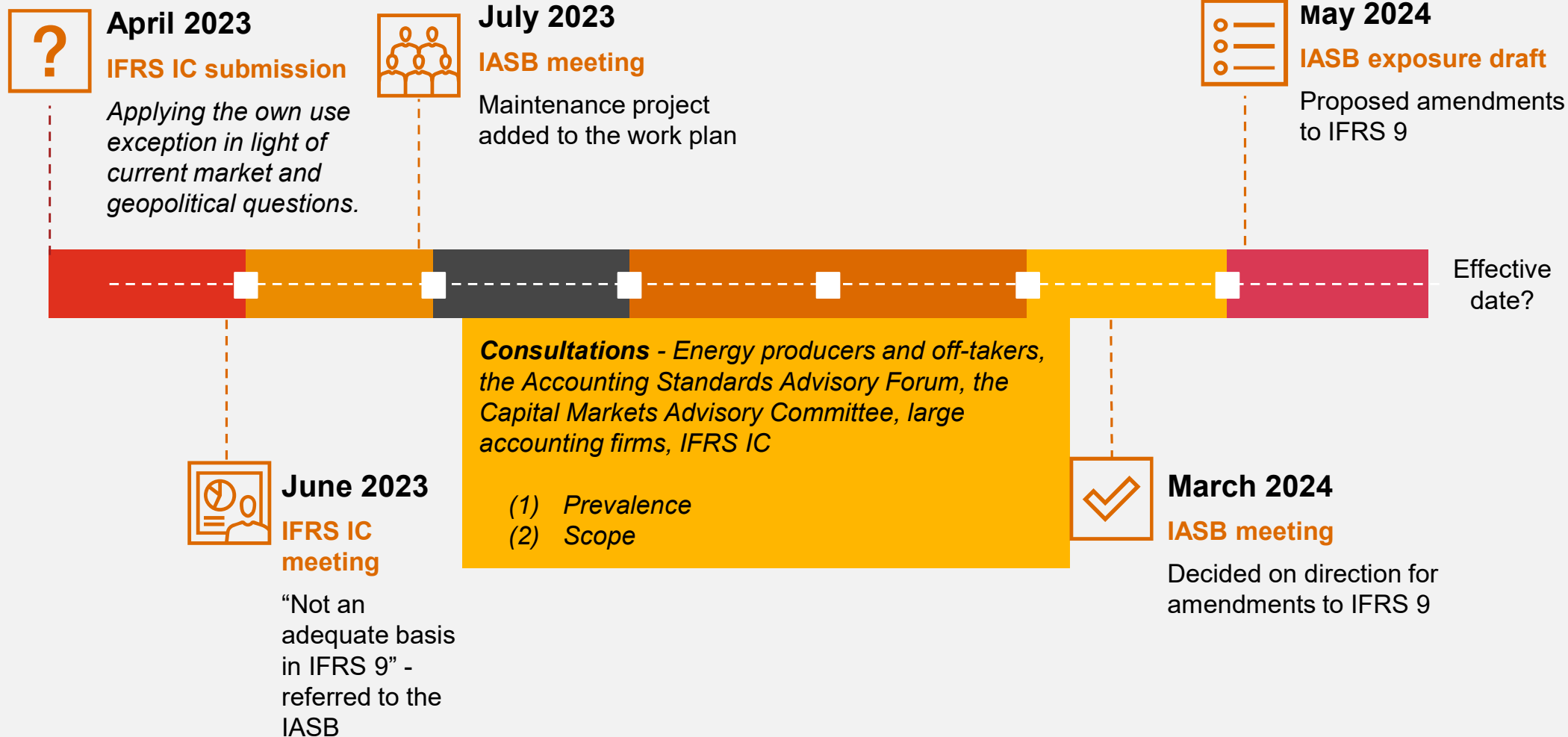
A contract is net settleable if the non-financial item is **readily convertible to cash**



Except for: Contracts entered into and continued to be held for the **purpose of receipt or delivery** in accordance with entity's **expected purchase, sales or usage requirements**



PPA - hurtigtoget nærmer seg stasjonen



Introduction

Physical PPAs for renewable electricity

What are main characteristics of a *physical PPA* and what challenges do they bring?

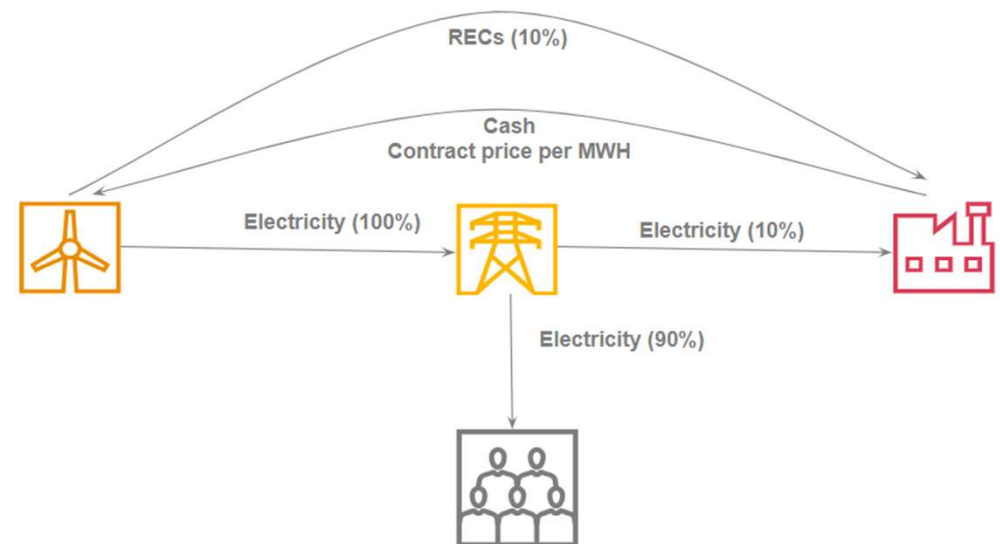
Typical terms of a physical PPA

- Long-term (often 10-25 years)
- Delivery of electricity
- Delivery of RECs
- Fixed price per MWh
- Commitment for a % of production
- Pay-as-produced

Challenges with physical PPAs

- Unpredictable supply
- Lack of economic storage options
- Unused volume to be sold to market

→ **Complicates the own use assessment**



Introduction

Virtual PPAs for renewable electricity and their challenges

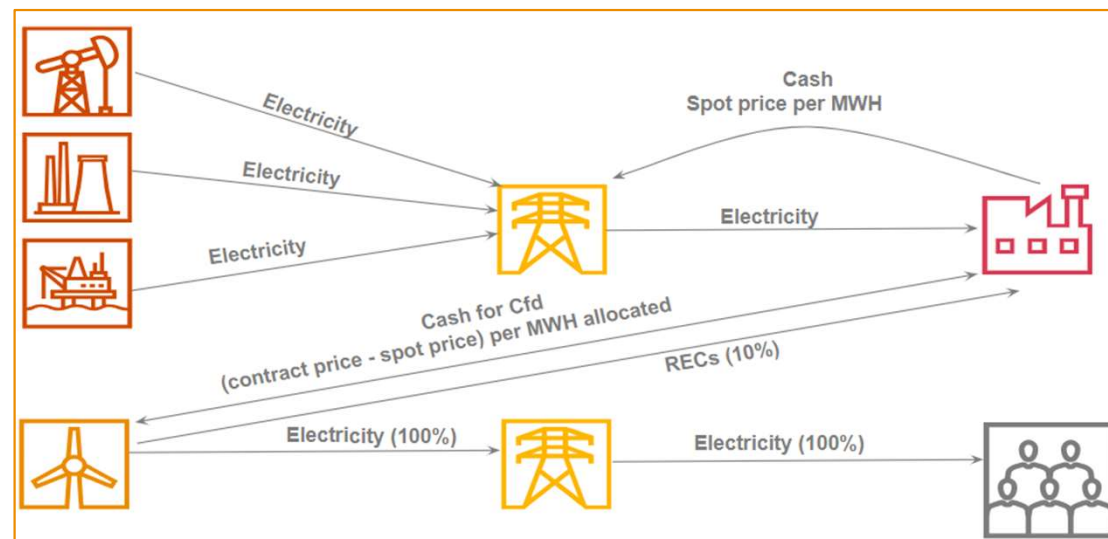
What are main characteristics of a *virtual PPA (VPPA)* and what challenges do they bring?

Typical terms of a virtual PPA

- Long-term (often 10-25 years)
- No delivery of electricity
- Delivery of RECs
- Commitment for a % of production
- Cash settlement of $(\text{fixed price} - \text{spot price}) * \text{MWh produced}$

Challenges with virtual PPAs

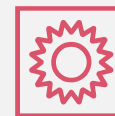
- Hybrid contract: RECs + embedded derivative
- **Requires separation and allocation of contract price**
- The embedded derivative is accounted for as FVTPL
- **Volatility in P&L**
- Variable notional volume
- **Complicates hedge accounting**



Forslaget har et snevert virkeområde

Avtaler om kjøp eller salg av **fornybar kraft** der:

- 1) Volumet er **styrt av naturen** -
Ingen volumgaranti på gitte tidspunkter
- 2) Kjøper tar ansvaret for volumrisiko -
'Pay-as-produced' kontrakter



Både fysiske (PPA) og virtuelle kraftkontrakter (VPPA) omfattes av endringen, så lenge det aller vesentligste av volumrisiko ligger på kjøper

Mulig effekt av forslaget

	Kunde	Produsent
Fysisk kontrakt (PPA)	Lettere å oppfylle krav til <i>eget bruk</i>	Ingen endring (er pr. def. eget bruk)
Finansiell (virtuell) kontrakt (VPPA)	Lettere å bruke sikringsbokføring	Sikringsbokføring blir mulig (og enkelt)

For mer info, se PwCs
In brief

4

Tilsynssaker og
læringspunkter

To tilsynssaker med læringspunkter som er relevant for alle

Aker Horizons

Vesentlige nedskrivninger av eiendeler knyttet til fornybar energi i Chile, både 31.12.2022 og 30.6.2023.

Tilsynssak omhandler informasjon i delårsregnskapet per 30.6.2023.

Selskap valgte å publisere en forbedret note før tilsynssak ble avsluttet.

Adevinta

Tilbyr digitale markedsplasser i ulike land. Goodwill og trademarks utgjør 84 % av totale eiendeler.

Deler av GW naturlig svært eksponert for nedskrivning som følge av at aksjekursen steg betydelig mellom avtaletidspunkt og closing for et stort oppkjøp der vederlaget var egne aksjer.

Tilsyn på 2022 årsregnskap. Selskap forbedret informasjon i 4Q-23 rapporten før tilsynssak ble avsluttet.

2022: full GW nedskrivning for en CGU, delvis GW nedskrivning for de to største enhetene

2023: nedskrivning av trademark for enheten med full GW nedskrivning 2022. Ingen GW nedskrivning

