

**EXAMINABLE ACCOUNTING PRONOUNCEMENTS
FINANCIAL REPORTING
INITIAL TEST OF COMPETENCE, JANUARY AND JUNE 2018**

In terms of the policy of SAICA's Initial Professional Development (IPD) Committee, the cut-off date for accounting standards examinable in the Initial Test of Competence (ITC) is as follows:

*International Financial Reporting Standards as issued by the International Accounting Standards Board on or before 31 December, 12 months prior to the ITC being written, **and** may include significant changes to 30 June of the year preceding the January exam as identified by SAICA. Significant changes that occur during this period will be considered on a case-by-case basis according to the theoretical and practical merit of the significant change. The inclusion or exclusion of such significant changes from the ITC examination will be duly communicated by SAICA. In addition, any interpretations and circulars issued during the period (up to and including 30 June) relating to statements already examinable will be included in the ITC.*

For the ITC 2018 the cut-off date is therefore 31 December 2016 and for significant changes the cut-off date is 30 June 2017.

Your attention is specifically drawn to the following:

- **The IFRS for SMEs is examinable. This pronouncement is examinable at the following levels:**
 - **Scope section** *Level 3*
 - **Other sections** *Not examinable*
- **The Companies Act (2008) is examinable in the ITC 2018, as outlined in the Auditing and Assurance Examinable Pronouncements syllabus document.**
- **All Exposure Drafts are NOT examinable.**
- **Transitional arrangements contained in the paragraphs of the individual statements are NOT examinable in the ITC.**
- **IFRIC interpretations are interpretations of the accounting implications relating to existing IFRS standards. Even though certain of these interpretations are examinable at a level 1 or not examinable at all, they may contain relevant examples and guidance that may assist candidates to understand and apply principles in examinable standards.**

The levels at which knowledge is examined in the ITC are as follows:

Level 1 = Knowledge and awareness

Level 2 = Identification of underlying problems and simple calculations

Level 3 = Perform complex calculations and answer an integrated question relating to the specific topics.

- **All standards in the list are examinable at level 3, unless otherwise indicated**
- **See comments relating to circulars on page 8.**

The following is a complete list of Accounting pronouncements (per *A Guide through IFRS* handbooks, July 2016 and the *SAICA Handbook (2016/2017)* which are examinable in the ITC in January and June 2018

Reference	Abbreviated title	Issued by IASB	Examinable in ITC 2018
	<i>Preface to International Financial Reporting Standards</i>	<i>September 2010</i>	No
	The Conceptual Framework for Financial Reporting	<i>September 2010</i>	Yes
International Financial Reporting Standards (IFRSs)			
<i>IFRS 1</i>	<i>First-time Adoption of International Financial Reporting Standards</i>	<i>December 2010</i>	<i>No</i>
IFRS 2	Share-based Payment Level 2: ▪ Valuation of options (app. B, paragraphs B1–B41) Level 1: ▪ Share-based payments where the terms of arrangement provides the counterparty with choice of settlement (paragraphs 35–40)	<i>June 2009</i>	Yes
IFRS 3	Business Combinations ▪ Reverse acquisitions – <i>paragraphs B19–B27 are EXCLUDED (however, the identification of an acquirer is included (paragraphs 6 and 7 and elaborated upon in B13–B18))</i> ▪ Acquirer share-based payment awards exchanged for awards held by the acquiree’s employees – <i>paragraphs 52(b) and B56-B62 are EXCLUDED.</i>	<i>May 2010</i>	Yes
<i>IFRS 4</i>	<i>Insurance Contracts</i>	<i>October 2010 2005</i>	<i>No</i>
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	<i>April 2009</i>	Yes
<i>IFRS 6</i>	<i>Exploration for and Evaluation of Mineral Resources</i>	<i>April 2009</i>	<i>No</i>

IFRS 7	<p>Level 2: Financial Instruments: Disclosures</p> <p>Level 1: <ul style="list-style-type: none"> ▪ Paragraphs 13A-13F, 17 and 42A - 42H; IFRS 7 will only be examined in the context of an entity that is not a financial institution.</p>	<i>December 2011</i>	Yes
IFRS 8	<p>Operating Segments</p> <p>Level 1: <ul style="list-style-type: none"> ▪ Disclosures (paragraphs 20–34) </p>	<i>April 2009</i>	Yes
IFRS 9	<p>Financial Instruments</p> <p>Level 1: <ul style="list-style-type: none"> ▪ Regular way purchase or sale of financial assets (Paragraph 3.1.2 and Paragraph 5.1.2); ▪ Derecognition of financial assets and financial liabilities (Chapter 3.2 and Chapter 3.3); ▪ Purchased or originated credit-impaired financial assets (Paragraphs 5.5.13 – 5.5.14); ▪ Embedded derivatives (Chapter 4.3); ▪ Hedge accounting of any risk other than <ul style="list-style-type: none"> ○ foreign exchange risk hedged with an FEC (Forward Exchange Contract (OTC) or Futures Exchange Contract (Exchange Traded with margining))* or ○ or interest rate risk hedged with an interest rate swap (OTC)* (* = level 3) </p> <p>Level 2: <ul style="list-style-type: none"> ▪ First day gains and losses (Paragraph 5.1.1A and B5.1.2A); ▪ Impairment (Chapter 5.5) <p>EXCLUDED:</p> <ul style="list-style-type: none"> ▪ Financial guarantee contracts; ▪ Loan commitments; ▪ Hedges of a net investment in a foreign operation (Paragraphs 6.5.13 – 6.5.14); ▪ Accounting for the time value of options (Paragraphs 6.2.4 (a), 6.5.15 and B6.5.29 – B6.5.33)); ▪ Joint designation (Paragraphs 6.2.5 and 6.2.6); ▪ Accounting for the forward element of forward contracts and foreign currency basis spreads of financial instruments (Paragraphs 6.2.4 (b), 6.5.16 and B6.5.34 – B6.5.39); ▪ Hedges of a group of items (Chapter 6.6 and B6.6.1 – B6.6.16); ▪ Option to designate a credit exposure as measured at fair value through profit or loss (Chapter 6.7); ▪ Designation of hedging instruments (B6.2.5 </p>	<i>July 2014</i>	Yes

	<p>and B6.2.6);</p> <ul style="list-style-type: none"> ▪ Rebalancing the hedging relationship and changes to the hedge ratio (B6.5.7 – B6.5.21) <p>Note: The above leveling also applies to all accompanying text relating to the respective elements (e.g. AG's, IE's and BC's)</p>		
IFRS 10	Consolidated Financial Statements	<i>June 2012</i>	Yes
IFRS 11	Joint Arrangements	<i>June 2012</i>	Yes
IFRS 12	Disclosures of Interests in Other Entities	<i>June 2012</i>	Yes
IFRS 13	<p>Level 2: Fair Value Measurement</p> <p>Level 1: <ul style="list-style-type: none"> ▪ Application to financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risks paragraphs 48-56 </p>	<i>May 2011</i>	Yes
<i>IFRS 14</i>	<i>Regulatory Deferral Accounts</i>	<i>September 2014</i>	<i>No</i>
IFRS 15	<p>Revenue from Contracts with Customers</p> <p>Level 1: <ul style="list-style-type: none"> ▪ Contract modifications (paragraphs 18-21) and changes in transaction priced due to modifications (refer to paragraph 90). </p> <p>Note: The above leveling also applies to all accompanying text relating to the respective elements (e.g. AG's, IE's and BC's)</p>	<i>September 2014</i>	Yes
IFRS 16	<p>Leases</p> <p>Level 1: <ul style="list-style-type: none"> ▪ Lease modifications (paragraphs 44-46 and 79-80) </p> <p>Note: The above leveling also applies to all accompanying text relating to the respective elements (e.g. AG's, IE's and BC's)</p>	<i>January 2016</i>	Yes
International Accounting Standards (IASs)			
IAS 1	Presentation of Financial Statements	<i>June 2011</i>	Yes
IAS 2	Inventories	<i>December 2003</i>	Yes
IAS 7	<p>Statement of Cash Flows</p> <p>Level 1: <ul style="list-style-type: none"> ▪ Foreign subsidiaries </p>	<i>April 2009</i>	Yes
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	<i>December 2003</i>	Yes
IAS 10	Events after the Reporting Period	<i>December 2003</i>	Yes
IAS 12	<p>Income Taxes</p> <p>Level 1: <ul style="list-style-type: none"> ▪ Deferred tax for equity-settled share-based payments (paragraphs 68A – 68C) </p>	<i>December 2010</i>	Yes

	EXCLUDED ▪ Paragraphs 38–45 – <i>and therefore no deferred tax to be provided on these items</i>		
IAS 16	Property, Plant and Equipment EXCLUDED: ▪ Bearer plants	May 2008	Yes
IAS 19	Employee Benefits Level 1: ▪ Paragraphs 67 – 98 (actuarial methods and assumptions)	June 2011	Yes
IAS 20	Level 1: Accounting for Government Grants and Disclosure of Government Assistance	May 2008	Yes
IAS 21	The Effects of Changes in Foreign Exchange Rates	December 2005	Yes
IAS 23	Borrowing Costs	May 2008	Yes
IAS 24	Related Party Disclosures	December 2009	Yes
IAS 26	<i>Accounting and Reporting by Retirement Benefit Plans</i>	Jan 1987	No
IAS 27	Separate Financial Statements	May 2011	Yes
IAS 28	Investments in Associates and Joint Ventures	May 2011	Yes
IAS 29	<i>Financial Reporting in Hyperinflationary Economies</i>	May 2008	No
IAS 32	Financial Instruments: Presentation Level 2: ▪ Compound financial instruments EXCLUDED ▪ Puttable financial instruments and obligations arising on liquidation (IAS 32, paragraphs 16A–16F)	October 2009	Yes
IAS 33	Earnings per Share Level 1: ▪ Headline earnings (Circ 2/15)	December 2003	Yes
IAS 34	Level 1: Interim Financial Reporting	May 2008	Yes
IAS 36	Impairment of Assets	April 2009	Yes
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	April 2001	Yes
IAS 38	Intangible Assets	April 2009	Yes
IAS 40	Investment Property	May 2008	Yes
IAS 41	<i>Agriculture</i>	May 2008	No

IFRIC interpretations are interpretations of the accounting implications relating to existing IFRS standards. Even though certain of these interpretations are examinable at a level 1 or not examinable at all, it may contain relevant examples and guidance that may assist candidates to understand and apply principles in examinable standards. However excluded interpretations will not be examined in the specific context of the interpretation. For example: we will not examine the accounting treatment of a service concession arrangement but may request candidates to apply IAS 38 and IFRS 9 to the assessment of intangible assets or financial instruments in other contexts.

Interpretations			
Reference	Abbreviated title	Issued by IASB	Examinable in ITC 2018
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	September 2007	Yes
<i>IFRIC 2</i>	<i>Members' Shares in Co-operative Entities and Similar Instruments</i>	February 2008	No
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	September 2007	Yes
<i>IFRIC 6</i>	<i>Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment</i>	September 2005	No
<i>IFRIC 7</i>	<i>Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies</i>	September 2007	No
IFRIC 10 See IAS 34	Interim Financial Reporting and Impairment – level 1	October 2010	Yes
<i>IFRIC 12</i>	<i>Service Concession Arrangements</i>	May 2011	No
<i>IFRIC 14</i>	<i>IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	June 2011	No
<i>IFRIC 16</i>	<i>Hedges of a Net Investment in a Foreign Operation</i>	April 2009	No
IFRIC 17	Distributions of Non-cash Assets to Owners	October 2010	Yes
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	May 2011	Yes
<i>IFRIC 20</i>	<i>Stripping costs in the production phase of a surface mine</i>	October 2011	No
<i>IFRIC 21</i>	<i>Levies</i>	May 2013	No
<i>SIC 7</i>	<i>Introduction of the Euro</i>	May 2011	No
SIC 10	Government Assistance – No Specific Relation to Operating Activities – level 1	September 2007	Yes

Reference	Abbreviated title	Issued by IASB	Examinable in ITC 2018
<i>SIC 25</i>	<i>Income Taxes – Changes in the Tax Status of an Entity or its Shareholders</i>	<i>September 2007</i>	<i>No</i>
<i>SIC 27</i>	<i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>	<i>October 2010</i>	<i>No</i>
<i>SIC 29</i>	<i>Service Concession Arrangements: Disclosures</i>	<i>September 2007</i>	<i>No</i>
<i>SIC 32</i>	<i>Intangible Assets – Web Site Costs</i>	<i>May 2011</i>	<i>Yes</i>
<i>FRG 1</i>	<i>Financial Reporting Guide 1 – Substantively Enacted Tax Rates and Tax Laws</i>	<i>December 2012</i>	<i>Yes</i>
<i>FRG 2</i>	<i>Financial Reporting Guide 2 – Accounting for Black Economic Empowerment (BEE) Transactions</i>	<i>December 2012</i>	<i>Yes</i>
<i>FRG 3</i>	<i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in the South African Pension Fund Environment</i>	<i>December 2012 and Revised in August 2013</i>	<i>No</i>

NOTE THAT ONLY THE FOLLOWING CIRCULARS RELATING TO FINANCIAL ACCOUNTING ARE EXAMINABLE:

Circulars	
<i>Included in SAICA Handbook 2017/2016, volume 3 – Accounting, Ethics and Circulars</i>	
<i>02/15</i>	<i>Headline earnings – level 1</i>
<i>12/06</i>	<i>Operating leases – level 3 (lessors only)</i>

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