

July 2014

Volume 2 | Issue 7



Inside MIM

- *Brief about MIM Group*
- *Challenges of Common Size Analysis*
- *Amendments to IAS 16 and IAS 41*



Tel: +971 4 321 5848

Fax: +971 4 321 5838

Website: www.mimcons.net

Inside MIM is a periodic newsletter written by MIM staff. It discusses key topics in management, consulting, auditing and accounting, etc. Since MIM is engaged in the field of management consultancies, our professionals have adequate expertise that they have gained through their years of experience at MIM. They therefore share their expertise and thoughts through this newsletter. Martin Cox & Associates, MIM sister company, is engaged in the field of auditing and accounting. Our professionals, through their experience in auditing and accounting, share updates, insights and information about auditing and accounting to keep you informed and up-to-date.

Subscribe to our newsletter online in order to stay current and receive notifications when newsletters are published and our latest news as well.

Website: www.mimcons.net

For any inquiries contact us:

Tel: +971 4 321 5848

Fax: +971 4 321 5838

Email: secretary@mimcons.net

Brief About MIM Group

MIM Feasibility Studies & Consultancies



- MIM is a specialized leading consultancy firm with over 33 years of experience in the field of feasibility studies and management consultancies serving the region's top organizations and governments.
- Our professionals are result-oriented and thrive on achieving clients' satisfaction which is the benchmark that measures our performance and success.

ASEL AL MAAYER Auditing & Consulting



- We offer a wide range of professional services in auditing & assurance, bookkeeping & accounting, and consultation services to small and medium sized organizations.
- Our professionals are highly educated and well trained, and are fully dedicated to serve our clients with due professional care and integrity. We do not just deliver reports; we make sure that our services will be a major contribution to your success and business development.

EBTIKARAT

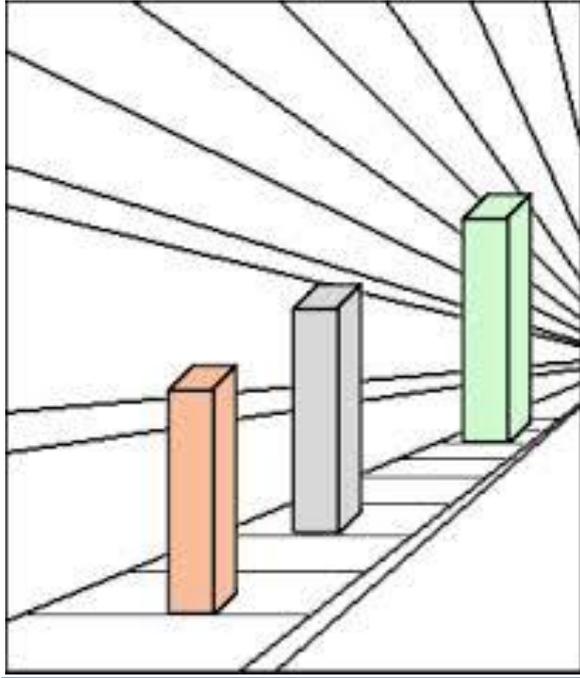


- Ebtikarat is MIM representative office in Cairo, Egypt. Its core business is management and business consultancies.
- Our Ebtikarat team collaborates with MIM team in order to ensure the best quality services are provided to our clients to achieve our clients' satisfaction and maintain a long term business relationship.

EBTIKARAT Development



- Ebtikarat Development is a leading software house for developing desktop, websites and mobile applications, based in Egypt and Dubai. With the use of the latest information technology and telecommunication tools we achieve targets depending on a strong technical base and carefully selected expert resources.



Challenges of Common Size Analysis

Does the common size analysis of financial statements prepared as per the IFRS represents a fair comparison of management performance across financial periods? The comparison of the company operation results? its financial position?

Hereinafter a list of ignored factors which have a great influence in the comparison:-

1. The changes in investment capital
2. World economic performance indicators
3. Inflation
4. Currencies exchange rates changes
5. Competition and new entrants
6. Laws & regulations
7. Technology changes
8. The effects of the previous market plans
9. Political effects
10. Tax changes

These factors are sufficient to convince us that if we are using the common size comparison to analyze the performance of a company over span of time or we are looking for to evaluate the management performance between two financial periods especially if the management has been changed, we have to consider the above factors and re-establish fair bases to restate the common size financial statements to

study and analyze the performance by considering the effect of each factor and neutralizing the others.

Mahmoud Ibrahim

**Managing Director
MIM Group**



Mahmoud@mimcons.net

Amendments to IAS 16 and IAS 41 for bearer plants Issued by IASB

The International Accounting Standards Board (IASB) recently published amendments that change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms.

IAS 41 Agriculture currently requires all biological assets related to agricultural activity to be measured at fair value less costs to sell. This is based on the principle that the biological transformation that these assets undergo during their lifespan is best reflected by fair value measurement. However, there is a subset of biological assets, known as bearer plants, which are used solely to grow produce over several periods. At the end of their productive lives they are usually scrapped. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates.

The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 Property, Plant and Equipment, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

Entities are required to apply the amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Commenting on the publication of the amendments, Hans Hoogervorst, Chairman of the IASB, said:

“This is an important amendment for those jurisdictions with large agriculture industries. I would like to thank those constituents who helped us to identify this issue through their feedback during the IASB’s agenda consultation and the Malaysian Accounting Standards Board, Asian-Oceanian Standard-Setters Group and Emerging Economies Consultative Group for their valuable input.”

Lamyia Mahmoud

Auditor

Asel Al Maayer



lamya@mimcons.net