Securities and Exchange Commission
PHILIPPINES

SEC Memorandum Circular No.13
Series of 2018

SUBJECT : ADOPTION OF ACCOUNTING STANDARDS AND INTERPRETATIONS

The Commission, in its meeting held on September 18, 2018, approved the adoption of the recently approved accounting standards and interpretations as part of SEC's rules and regulations on financial reporting:

A. Accounting Standards

Title	Brief Description
Prepayment Features with Negative Compensation [Amendments to Philippine Financial Reporting Standards (PFRS) 9]	An entity shall apply these amendments for annual periods **beginning on or after January 1, 2019**. Earlier application is permitted.
Long-term Interest in Associates and Joint Ventures (Amendments to PAS 28)	An entity shall apply these amendments for annual periods **beginning on or after January 1, 2019**. Earlier application is permitted.
PFRS Practice Statement 2: Making Materiality Judgments	An entity that chooses to apply the guidance in the Practice Statement is permitted to apply it to financial statements prepared from November 8, 2017.
Guidance on Financial Reporting (June 2017 edition)	Effective immediately.
PFRS 15, Implementation Issues Affecting the Real Estate Industries	The consensus in these Q&A are effective on the same date as the effective date of PFRS 15.

B. PIC Q&As

Title	Brief Description
Q&A No. 2017-02 Philippine Accounting Standard *(PAS) 2 and PAS 16- Capitalization of operating lease cost as part of construction costs of a building*	The consensus in the Q&A is effective from the date of approval by the FRSC.
Q&A No. 2017-03 PAS 28- *Elimination of profits and losses resulting from transactions between associates and/or joint ventures*	The consensus in the Q&A is effective from the date of approval by the FRSC.
Q&A No. 2017-06 PAS 2, 16 and 40 – *Accounting for Collector's Items*	The consensus in the Q&A is effective from the date of approval by the FRSC.
Q&A No. 2016-03 *Accounting for Common Areas and the Related Subsequent Costs by Condominium Corporations*	The consensus in this Q&A is effective for annual periods beginning on or after January 1, 2018 and should be applied retrospectively. Earlier application is permitted.
Q&A No. 2017-04 *PAS 24- Related Party Relationship Between Parents, Subsidiary, Associate and Non-Controlling Shareholder*	The consensus in the Q&A is effective from the date of approval by the FRSC.
Q&A No. 2017-05 *Philippine Financial Reporting Standard (PFRS) 7 - Frequently Asked Questions on the Disclosure Requirements of Financial Instruments under PFRS 7, Financial Instruments; Disclosures*	The consensus in the Q&A is effective from the date of approval by the FRSC.
Q&A No. 2017-07 *PFRS 10 - Accounting for Reciprocal Holdings in Associates and Joint Ventures*	The consensus in the Q&A is effective from the date of approval by the FRSC.

Title	Brief Description
Q&A No. 2017-08 *PFRS 10 – Requirement to Prepare Consolidated Financial Statements Where an Entity Disposes of its Single Investment in a Subsidiary, Associate or Joint Venture*	The consensus in the Q&A is effective from the date of approval by the FRSC.
Q&A No. 2017-09 *PAS 17 and Philippine Interpretation SIC 15-Accounting for Payments Between and Among Lessors and Lessees.*	The consensus in the Q&A is effective from the date of approval by the FRSC.
Q&A No. 2017-10 *PAS 40 – Separation of Property and Classification as Investment Property*	The consensus in the Q&A is effective from the date of approval by the FRSC.
Q&A No. 2017-11 *PFRS 10 and PAS 32 – Transaction Costs Incurred to Acquire Outstanding Non-Controlling Interest or to Sell Non-Controlling Interest Without a Loss of Control*	The consensus in the Q&A is effective from the date of approval by the FRSC.
Q&A No. 2017-12 *Subsequent Treatment of Equity Component Arising from Intercompany Loans*	The consensus in the Q&A is effective from the date of approval by the FRSC. It shall be applied retrospectively.

All of the foregoing pronouncements have been adopted by the Philippine Financial Reporting Standards Council and approved by the Board of Accountancy and Professional Regulation Commission and published in the Official Gazette.

Issued this 15 day of October 2018 at Pasay City, Philippines.

For the Commission:

EMILIO B. AQUINO
Chairperson