

**PHILIPPINE INTERPRETATIONS COMMITTEE (PIC)
QUESTIONS AND ANSWERS (Q&As)**

Q&A No. 2019-04

Conforming Changes to PIC Q&As – Cycle 2019

Introduction

This Q&A No. 2019-04 sets out the changes (i.e., amendments or withdrawal) to certain PIC Q&As. These changes are made as a consequence of the issuance of new Philippine Financial Reporting Standards (PFRSs) that become effective starting January 1, 2019 and other relevant developments. The consequential amendments are set out in the same section as the amended PIC Q&As attached to this Q&A No. 2019-04. In addition, a marked-up copy of the amended PIC Q&A showing the changes made (i.e., new text is underlined and deleted text is struck through) is attached as an appendix to the amended PIC Q&A.

The effective date of the amendments is included in the affected Q&As.

PIC Q&As Amended

The following table summarizes the changes made to the amended PIC Q&As:

PIC Q&A Amended	Amendment
PIC Q&A No. 2011-05: PFRS 1 – Fair Value or Revaluation as Deemed Cost	Updated because of applying PFRS 16, <i>Leases</i> , for the first time starting January 1, 2019
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	Reference to PAS 40, <i>Investment Property</i> , has been updated because of applying PFRS 16 for the first time starting January 1, 2019.
PIC Q&A No. 2012-02: Cost of a new building constructed on the site of a previous building	Reference to PAS 40 has been updated because of applying PFRS 16 for the first time starting January 1, 2019.
PIC Q&A No. 2017-02: PAS 2 and PAS 16 - Capitalization of operating lease cost as part of construction costs of a building	Updated to comply with the provisions of PFRS 16 and renamed as PIC Q&A No. 2017-02: PAS 2 and PAS 16 - Capitalization of depreciation of right-of-use asset as part of construction costs of a building

PIC Q&A Amended	Amendment
PIC Q&A No. 2017-10: PAS 40 - Separation of property and classification as investment property	Reference to PAS 40 has been updated because of applying PFRS 16 for the first time starting January 1, 2019.
PIC Q&A No. 2018-05: PAS 37 - Liability arising from maintenance requirement of an asset held under a lease	Updated to comply with the provisions of PFRS 16
PIC Q&A No. 2018-15: PAS 1- Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current	Reference to PAS 40 (included as an attachment to the Q&A) has been updated because of applying PFRS 16 for the first time starting January 1, 2019.

PIC Q&A Withdrawn

The following table summarizes the basis and effective date of withdrawal of Q&As affected by new PFRSs and IFRIC agenda decision:

PIC Q&A Withdrawn	Basis for Withdrawal
PIC Q&A No. 2017-09: PAS 17 and Philippine Interpretation SIC-15 - Accounting for payments between and among lessors and lessees	This PIC Q&A is considered withdrawn starting January 1, 2019, which is the effective date of PFRS 16. PFRS 16 superseded PAS 17, <i>Leases</i> , and Philippine Interpretation SIC-15, <i>Operating Leases—Incentives</i> .
PIC Q&A No. 2018-07: PAS 27 and PAS 28 - Cost of an associate, joint venture, or subsidiary in separate financial statements	This PIC Q&A is considered withdrawn upon publication of IFRIC agenda decision - <i>Investment in a subsidiary accounted for at cost: Step acquisition (IAS 27 Separate Financial Statements)</i> in January 2019.

Date approved by PIC: August 1, 2019

PIC Members

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Date approved by FRSC: August 14, 2019