

## Recent Amendments to IFRS

The following table highlights the major and minor amendments to the FReM for 2017-18 and 2018-19.

Amendment	IASB Effective date: periods beginning on or after	FReM introduction effective date (subject to EU adoption)	Summary of changes	Public sector specific reporting issue
IFRS 9 Financial Instruments	1 January 2018	1 April 2018 2018-19 FReM EU Adopted	<p>IFRS 9 includes a number of improvements to the previous IAS 39 which includes:</p> <ul style="list-style-type: none"> <li>• a single approach to classification and measurement</li> <li>• a new forward-looking 'expected loss' impairment model; and</li> <li>• a revised approach to hedge accounting</li> </ul> <p>The application of this standard is <u>retrospective</u> (without restatement)</p>	<p>IFRS 9 will affect all public sector bodies. See:</p> <ul style="list-style-type: none"> <li>• 2018-19 FReM for public sector adaptations and interpretations.</li> <li>• IFRS 9 Application Guidance</li> </ul>
IFRS 15 Revenue from Contracts with Customers (including Clarifications to IFRS 15)	1 January 2018	1 April 2018 2018-19 FReM EU Adopted	<p>IFRS 15 introduces a new five stage model for assessing and recognising revenue from contracts with customers. It also introduces substantially greater disclosure requirements to address the shortcomings of the previous Standards (IAS 1 and IAS 18).</p> <p>The application of this standard is <u>retrospective</u> (without restatement)</p>	<p>IFRS 15 will affect all public sector bodies. See:</p> <ul style="list-style-type: none"> <li>• 2018-19 FReM for public sector adaptations and interpretations</li> <li>• IFRS 15 Application Guidance</li> </ul>
IFRS 4 Insurance Contracts: Applying IFRS 9 with IFRS 4	1 January 2018	1 April 2018 2018-19 FReM EU Adopted	<p>Amendments to IFRS 4 have been introduced to address the temporary consequences of the different effective dates of IFRS 9 Financial Instruments (1 January 2018) and IFRS 17, the new insurance contracts Standard (1 January 2021).</p>	None noted.
IFRIC 22- Foreign Currency Transactions and	1 January 2018	1 April 2018	<p>IFRIC 22 provides clarity on what exchange rate is to be used when accounting for foreign transactions. The exchange rate to be used is the one on the date that the transaction is agreed in</p>	None noted.

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Advance Consideration (Interpretation)		2018-19 FReM EU adoption – Q1 2018	<p>principle, even if the actual transaction doesn't take place on that date. If there are multiple transactions in advance, the entity shall determine the date the transaction was agreed for each payment.</p> <p>The application of this Interpretation is <u>retrospective or prospective</u></p>	Those entities with material forex balances should consider if this interpretation affects how it accounts for foreign exchange transactions.
IAS 12- Income Taxes Recognition of deferred tax assets for unrealised losses (Narrow Scope Amendment)	1 January 2017	1 April 2018 2018-19 FReM (early adoption in 2017-18 permitted) EU adopted	<p>The amendments are as follows;</p> <ul style="list-style-type: none"> <li>• Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.</li> <li>• The carrying amount of an asset does not limit the estimation of probable future taxable profits.</li> <li>• Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.</li> <li>• An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type</li> </ul> <p>The application of the amendment is <u>retrospective</u>.</p>	None noted.

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<p>IFRS 2 Share based payment-classification and measurement of share based payment transactions</p> <p>(Narrow Scope Amendment)</p>	1 January 2018	<p>1 April 2018</p> <p>2018-19 FReM</p> <p>EU Adoption – Q1 2018</p>	<p>Guidance has been introduced for accounting requirements for cash-settled share based payments that follows the same approach as used for equity-settled share based payments.</p> <p>IASB has introduced an exception into IFRS 2 so that a share based payment where the entity settles the share based payment arrangement net is classified as equity-settled in its entirety provided the share based payment would have been classified as equity-settled had it not included the net settlement feature.</p> <p>The IASB has introduced the following clarifications:</p> <ul style="list-style-type: none"> <li>• On such modifications, the original liability recognised in respect of the cash-settled share-based payment is derecognised and the equity-settled share-based payment is recognised at the modification date fair value to the extent services have been rendered up to the modification date.</li> <li>• Any difference between the carrying amount of the liability as at the modification date and the amount recognised in equity at the same date would be recognised in profit and loss immediately</li> </ul> <p>The application of this amendment is <u>prospective</u>.</p>	None noted.
<p>IAS 7 Statement of Cash Flows-Reconciliation of liabilities arising</p>	January 2017	<p>1 April 2018</p> <p>2018-19 FReM</p>	<p>Additional disclosure requirements were added to IAS 7 to enable users to identify the following changes in liabilities arising from financing activities (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in</p>	<p>None noted.</p> <p>For all entities, the amendments will require additional disclosures to be</p>

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from financial activities (Disclosure Initiative)		(early adoption in 2017-18 permitted)  EU Adopted	foreign exchange rates; (iv) changes in fair values; and (v) other changes. How this disclosure requirement would be fulfilled is left to each entity, though illustrative disclosures have been added.  The application of this amendment is <u>prospective</u>	included in the notes to the financial statements.
IFRS 1 First time adoption of IFRS (2014- 16 Annual Improvement Cycle)	January 2018	1 April 2018  2018-19 FReM  EU Adoption – Q4 2017	IFRS 1 has been amended to remove short-term exemptions dealing with IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IFRS 10 Consolidated Financial Statements. The reliefs provided are no longer applicable and had been available to entities for reporting periods that have now passed.  The application of this amendment is <u>prospective</u>	None noted.
IFRS 12 Disclosure of Interests in Other Entities (2014- 16 Annual Improvement Cycle)	January 2017	1 April 2018  2018-19 FReM  (early adoption in 2017-18 permitted)  EU Adoption – Q4 2017	Improvements have been made to clarify the scope of the standard. They stipulate that the disclosure requirements in respect of interests in entities in scope of IFRS 5 apply to an entity's interests that are classified as held for sale, as held for distribution or as discontinued operations.  The amendments specifically clarify that entities are not exempt from the entirety of the disclosure requirements in IFRS 12 when they have been classified as held for sale or as discontinued operations. The amended standard makes it clear that it is only the disclosure requirements set out in paragraphs B10 – 16 that do not need to be provided for entities within the scope of IFRS 5.  The application of the amendment is <u>retrospective</u>	None noted.

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IAS 28 Investments in Associates and Joint Ventures  (2014- 16 Annual Improvement Cycle)	January 2018	1 April 2018 2018-19 FReM  EU Adoption – Q4 2017	IAS 28 has been amended to clarify that the election to measure at fair value through profit or loss an investment in an associate (or a joint venture) that is held by an entity that is a venture capital organisation (or other qualifying entity*) is available on an investment by investment basis. The amendment also clarifies that the method chosen for each investment is to be made on initial recognition.  *Other qualifying entities include mutual funds, unit trusts and similar entities (including investment-linked insurance funds).  The application of the amendment is <u>retrospective</u> .	None noted.
IAS 40 Investment Properties – Transfer of investment properties	January 2018	1 April 2018 2018-19 FReM  EU Adoption – Q1 2018	IAS 40 has been amended to reinforce the principle for transfers into, or out of, investment property to specify that such a transfer should only be made when there has been a change in use of the property. The list of evidence to be used to consider such assessment was revised from being an exhaustive to a non-exhaustive list.  The application of the amendment is <u>prospective</u> though retrospective application is permitted without the use of hindsight.	None noted