

## **HM Treasury review of new IFRS issued and/or effective during the 2015-16 financial year**

This review provides a guide to reporting entities applying the FReM on both the new IFRS Standards that have been issued that are not yet effective and those that are effective for the first time in the 2015-16 FReM, which could be relevant to organisations preparing accounts under the FReM. The details are provided in three sections:

- I. Standards that are issued and effective for the first time in the 2015-16 FReM: providing a high level assessment of the impact on reporting entities. Entities should consider the impact and apply any necessary changes to 2015-16 annual accounts accordingly. The new Standards have been incorporated into the 2015-16 FReM, with amendments made where the Standard has been interpreted or adapted for the public sector context. A link is provided to all FReM guidance, including amendment records, published for [2015-16](#) and [2016-17](#).
- II. Standards issued but not yet effective: providing an early assessment of the expected impact during initial application, in accordance with IAS 8 requirements. This assessment will take into consideration current EU adoption, current relevant FReM interpretations or adaptations and a high level impact assessment, specific to central government.
- III. Accounting initiatives for which the Standards are under development.

This guidance is to assist reporting entities but further analysis may be required where the impact is expected to be significant.

**I. Accounting Standards issued and effective in the 2015-16 FReM for the first time**

Standard (amendment/ new)	Effective date – beginning on or after (EU Adopted?)	FReM Application?	Summary	Central Government Impact
IFRS 13 – <i>Fair Value Measurement</i> (new)	1 January 2013 (EU adopted)	2015-16	<p>IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS (except where IFRS 13 explicitly states otherwise):</p> <p>The Standard defines fair value, provides guidance on fair value measurement techniques, and sets out the disclosure requirements.</p> <p>The Standard requires fair value be measured using the most reliable data and inputs available to determine the exit price for an asset / liability. This exit price is taken to be the price that two market participants (a buyer and seller) would settle on. To ensure transparency over the differing quality of inputs used to determine fair value, the Standard has established a hierarchy for input quality.</p> <ul style="list-style-type: none"> <li>• Level 1 inputs (highest quality) are published prices available in an active market;</li> <li>• Level 2 inputs are observable data available in a non-active market; and</li> <li>• Level 3 inputs (lowest quality) are all other inputs, which are mostly unobservable.</li> </ul> <p>Entities are required to use the most appropriate inputs available to them in determining fair value. The inference is that the higher the quality, the more appropriate the input.</p>	<p>Although IFRS 13 is applied without adaptation, IAS 16 and IAS 38 have been adapted and interpreted for the public sector context to limit the circumstances in which a valuation is prepared under IFRS 13.</p> <p>IAS 16 is adapted to specify the following valuation bases for property, plant and equipment:</p> <ul style="list-style-type: none"> <li>• Assets which are held for their service potential (i.e. operational assets) and are in use should be measured at current value in existing use. For non-specialised assets, current value in existing use should be interpreted as market value for existing use. In the RICS Red Book, this is defined as Existing Use Value (EUV). For specialised assets, current value in existing use should be interpreted as the present value of the asset’s remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential.</li> <li>• Assets which were most recently held for their service potential but are</li> </ul>

			<ul style="list-style-type: none"> <li>IFRS 13 requires additional disclosures where level 3 inputs are used to assess fair value, to give readers an understanding.</li> </ul>	<p>surplus should be valued at current value in existing use as above if there are restrictions on the entity or the asset which would prevent access to the market at the reporting date. If the entity could access the market then the surplus asset should be valued at fair value using IFRS 13.</p> <ul style="list-style-type: none"> <li>Assets which are not held for their service potential should be valued in accordance with IFRS 5 or IAS 40 depending on whether the asset is actively held for sale. Where such assets are surplus and do not fall within the scope of IFRS 5 or IAS 40, they should be valued at fair value applying IFRS 13.</li> </ul> <p>IAS 38 has been adapted for the public sector as follows: Following the initial recognition of an intangible asset, for subsequent measurement IAS 38 permits the use of either the cost or revaluation model for each class of intangible asset. Where an active (homogeneous) market exists, intangible assets other than those that are held for sale should be carried at current value in existing use at the reporting period date – that is, the cost option given in IAS 38 has been withdrawn and the current value should be based on the market value in existing use. Where no active market exists,</p>
--	--	--	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

				entities should revalue the asset, using indices or some suitable model, to the lower of depreciated replacement cost and value in use where the asset is income generating. Where there is no value in use, the asset should be valued using depreciated replacement cost.
IAS 36 - ' <i>Impairment of assets' on recoverable amount disclosures</i> (amendment)	1 January 2014 (EU adopted)	Effective from 2015-16	These amendments, as a consequential amendment to IFRS 13 'Fair Value Measurement', modifies some of the disclosure requirements regarding measurement of the recoverable amount of impaired assets. It clarifies the scope of certain disclosures and removes burdensome and unintended disclosure requirements without reducing the relevance and understandability of the financial information.	IAS 36 is applied in full except where HM Treasury have interpreted or adapted the Standard for application in the public sector. No interpretation or adaptation has been included in the FReM for disclosure requirements; apply in full.

## II. Accounting Standards issued but not yet effective

IAS 8 (paragraph 30) states that “when an entity has not applied a new IFRS that has been issued but is not yet effective, the entity shall disclose:

- This fact; and
- Known or reasonably estimable information relevant to assessing the possible impact that application of the new IFRS will have on the entity’s financial statements in the period of initial application.

Standard (amendment/ new)	IASB effective date – beginning on or after (EU Adopted?)	FReM Application?	Summary	Central Government Impact
IFRS 5 - <i>Non-current Assets Held for Sale and Discontinued Operations: Change in methods of disposal</i> (amendment)	1 January 2016	2016-17	<p>The amendment to the Standard clarifies that changing from either one of these disposal methods (sale or distribution to owners) to the other should not be considered to be a new plan of disposal. There is no time lag or interruption of the application of the requirements in IFRS 5.</p> <p>Additionally, the date of classification is not changed if there is a change in disposal method and should not be considered to be an event or circumstance that may extend the time to complete a sale.</p> <ul style="list-style-type: none"> <li>Judgement is required to determine if there was a 'direct reclassification'. The amendment should be applied prospectively to avoid possible use of hindsight with regards to judgement required.</li> </ul>	No substantive changes to the FReM identified. These amendments have undergone due process. See the <a href="#">FRAB 124 paper # 7</a> .

Standard (amendment/ new)	IASB effective date – beginning on or after (EU Adopted?)	FReM Application?	Summary	Central Government Impact
IFRS 7 - <i>Financial Instruments: Disclosures: Servicing Contracts</i> (amendment)	1 January 2016	2016-17	<p>This amendment relates to IFRS 7 which requires disclosures for any ‘continuing involvement’ in an asset which has been transferred and fully derecognised.</p> <p>The issue debated by the IASB was whether a servicing contract is ‘continuing involvement’ for the purposes of the IFRS 7 disclosure requirements.</p> <p>This amendment clarifies that the right to earn a fee for servicing a financial asset should not automatically be presumed to be ‘continuing involvement’ but that it may be and an assessment should be made regarding the nature of the fee and arrangements against guidance issued under the Standard to gauge whether the disclosures are required.</p> <p>The IASB also agreed that the term ‘continuing involvement’ in IFRS 7 is used in a different way to that under IAS 39 <i>Financial Instruments: Recognition and Measurement</i> /IFRS 9 <i>Financial Instruments</i>.</p> <p>Servicing entities with servicing contracts may be required to make additional disclosures. For example, where the servicing fee is reliant on the cash flows collected on the financial asset, even if the asset has been transferred, there is still ‘continuing involvement’</p>	No substantive changes to the FReM identified. These amendments have undergone due process. See the <a href="#">FRAB 124 paper # 7</a> .

Standard (amendment/ new)	IASB effective date – beginning on or after (EU Adopted?)	FReM Application?	Summary	Central Government Impact
			<p>on the part of the entity providing the service; thus further disclosures will be required. The assessment of which servicing contracts constitute 'continuing involvement' needs to be carried out retrospectively.</p> <p>However, the IASB has given relief that disclosures are not required for periods beginning before the reporting period when this amendment is first applied. This concession has been made to reduce the burden on preparers and to prevent use of hindsight.</p>	

Standard (amendment/ new)	IASB effective date – beginning on or after (EU Adopted?)	FReM Application?	Summary	Central Government Impact
IFRS 7 - <i>Financial Instruments: Disclosures: Applicability of the amendments to IFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements</i> (amendment)	1 January 2016	2016-17	<p>This amendment clarifies that the additional disclosure requirements required by IFRS 7 <i>Disclosure – Offsetting Financial Assets and Financial Liabilities</i> is not explicitly required in condensed interim financial statements. This better aligns the Standard and guidance with IAS 34 <i>Interim Financial Reporting</i>.</p> <p>IAS 34 does still require ‘an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period’. Consequently, if IFRS 7 disclosures provide a meaningful update to information reported in the most recent annual report then these disclosures are expected to be included in the condensed interim financial report.</p>	No substantive changes to the FReM identified. These amendments have undergone due process. See the <a href="#">FRAB 124 paper # 7</a> .



Standard (amendment/ new)	IASB effective date – beginning on or after (EU Adopted?)	FReM Application?	Summary	Central Government Impact
IAS 19 - <i>Employee Benefits — Discount rate: regional market issue</i> (amendment)	1 January 2016	2016-17	The amendment clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level based on the currency in which the obligation is denominated.	No substantive changes to the FReM identified. These amendments have undergone due process. See the <a href="#">FRAB 124 paper # 7</a> .

Standard (amendment/ new)	IASB effective date – beginning on or after (EU Adopted?)	FReM Application?	Summary	Central Government Impact
IAS 34 - <i>Interim Financial Reporting: Disclosure of information "elsewhere in the interim financial report"</i> (amendment)	1 January 2016 (EU adopted)	2016-17	<p>The Standard requires disclosure of information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. This amendment requires either the inclusion of a cross-reference from the interim financial statements to the location of this information in the greater financial report (for example, in the management commentary) or disclosure in the interim financial statements.</p> <p>The IASB clarified that this amendment is not expanding the scope of the interim financial report and that this information in the interim financial report must be accessible to users at the same time and on the same terms as the interim financial statements, or else the interim financial report will be incomplete.</p>	No substantive changes to the FReM identified. These amendments have undergone due process. See the <a href="#">FRAB 124 paper # 7</a> .

Standard (amendment/ new)	IASB effective date – beginning on or after (EU Adopted?)	FReM Application?	Summary	Central Government Impact
IAS 1 – <i>Disclosure Initiative</i> (amendment)	1 January 2016 (EU adopted)	2016-17	These amendments encourage professional judgement to be used in determining what information to disclose in financial statements and where and in what order information is presented in the financial disclosures. The amendments make it clear that materiality applies to the whole of the financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures.	No substantive changes to the FReM identified. These amendments have undergone due process. See the <a href="#">FRAB 124 paper # 7</a> .
IAS 27 – <i>Equity Method in Separate Financial Statements</i> (amendment)	1 January 2016 (EU adopted)	2016-17	<p>This amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.</p> <p>Prior to the amendment, such investments are measured at either cost (IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> where applicable) or in accordance with IAS 39 <i>Financial Instruments: Recognition and Measurement</i>.</p>	No substantive changes to the FReM identified. These amendments have undergone due process. See the <a href="#">FRAB 124 paper # 7</a> .
IAS 16 and IAS 38 – <i>Clarification of acceptable methods of depreciation and amortisation</i> (amendment)	1 January 2016 (EU adopted)	2016-17	This amendment prohibits revenue-based depreciation methods and generally presumes that such methods are an inappropriate basis for amortising intangible assets. This is because a revenue-based method reflects a pattern of economic benefits being generated from the asset, rather than the expected pattern of consumption of the future economic benefits embodied in the asset.	No substantive changes to the FReM identified. These amendments have undergone due process. See the <a href="#">FRAB 124 paper # 7</a> .

Standard (amendment/ new)	IASB effective date – beginning on or after (EU Adopted?)	FReM Application?	Summary	Central Government Impact
IAS 16 and IAS 41 – <i>Bearer Plants</i> (amendment)	1 January 2016 (EU adopted)	2016-17	<p>This amendment includes bearer plants within the scope of IAS 16 because their operation is similar to that of manufacturing, instead of IAS 41, meaning that they will no longer have to be measured at fair value less costs to sell.</p> <p>Under the FReM, all tangible non-current assets shall be carried at either current value in existing use or fair value at the reporting date - that is, the option given in IAS 16 to measure at cost has been withdrawn, as has the option to value only certain classes of assets.</p>	No substantive changes to the FReM identified. These amendments have undergone due process. See the <a href="#">FRAB 124 paper # 7</a> .
IFRS 11 – <i>Accounting for acquisitions of interests in joint operations</i> (amendment)	1 January 2016 (EU adopted)	2016-17	This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The new guidance provides clarification for issues such as the accounting for previously held interests when additional interest is acquired while joint control is maintained.	No substantive changes to the FReM identified. These amendments have undergone due process. See the <a href="#">FRAB 124 paper # 7</a> .
IFRS 10, IFRS 12, IAS 28 – <i>Investment entities: applying the Consolidation Exception</i> (amendment)	1 January 2016 (not yet EU adopted)	With a view to include in the 2016-17 FReM (subject to EU adoption)	<p>The amendments clarify the requirements when accounting for investment entities, specifically:</p> <ol style="list-style-type: none"> <li>1. when there are exemptions to preparing consolidated financial statements – i.e. when the intermediate parent can apply the exemption when the ultimate parent is an investment entity;</li> <li>2. subsidiaries (which are also investment entities) providing services that relate to the</li> </ol>	No substantive changes to the FReM identified. These amendments have undergone due process. See the <a href="#">FRAB 124 paper # 7</a> .

Standard (amendment/ new)	IASB effective date – beginning on or after (EU Adopted?)	FReM Application?	Summary	Central Government Impact
			<p>parent's investment activities – i.e. how an investment parent entity should account for this type of subsidiary;</p> <ol style="list-style-type: none"> <li>3. application of the equity method by a non-investment entity investor for its interests in any associates or joint ventures that are investment entities; and</li> <li>4. how the relevant IFRS 12 disclosures should be applied to investment entities.</li> </ol> <p>In most cases, entities engaging in investment activities will not apply the FReM directly, but they will comply with the principles of the FReM alongside producing additional disclosures. These entities are not typically producing accounts following directions issued by HM Treasury.</p> <p>The EU endorsement is expected in the third quarter of 2016.</p>	

Standard (amendment/ new)	IASB effective date – beginning on or after (EU Adopted?)	FReM Application?	Summary	Central Government Impact
IFRS 15 - <i>Revenue from Contracts with Customers</i> (IAS 18 <i>Revenue</i> replacement) (new)	1 January 2018 (not yet EU adopted – expected third quarter of 2016)	With a view to include in the 2018-19 FReM (subject to EU adoption and Exposure Draft process)	<p>The IASB issued IFRS 15 in May 2014 with an effective date for periods on or after the 1st January 2017. The IASB issued an amendment to IFRS 15 (Effective date of IFRS 15) in September 2015 which deferred the effective date to 1 January 2018. EU endorsement is currently expected in the third quarter of 2016.</p> <p>The core principle in IFRS 15 recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled to, in exchange for those goods or services. To recognise revenue the Standard sets out five steps:</p> <ul style="list-style-type: none"> <li>• Step 1 - Identify the contract(s) with the customer</li> <li>• Step 2 – Identify the performance obligations in the contract</li> <li>• Step 3 – Determine the transaction price</li> <li>• Step 4 – Allocate the transaction price</li> <li>• Step 5 - Recognise revenue when a performance obligation is satisfied</li> </ul> <p>IFRS 15 also includes requirements for accounting for contract costs. The incremental costs of a contract must be recognised as an asset if the entity expects to</p>	The introduction of IFRS 15 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury will be issuing an Exposure Draft on IFRS 15 over the Summer of 2016.

Standard (amendment/ new)	IASB effective date – beginning on or after (EU Adopted?)	FReM Application?	Summary	Central Government Impact
			<p>recover those costs. However, those incremental costs are limited to the costs an entity would not have incurred if the contract had not been successfully obtained.</p> <p>The disclosure objective of the new Standard is to establish the application principles required for entities to report useful information to the users of financial statements to better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. The disclosure requirements under the new Standard are more extensive than the current requirements included within IAS 18.</p>	
IFRS 9 – <i>Financial Instruments</i> (IAS 39 <i>Financial Instruments: Recognition and Measurement</i> Replacement) (new)	1 January 2018 (not yet EU adopted)	With a view to include in the 2018-19 FReM (subject to EU adoption and the Exposure Draft process)	The IASB developed IFRS 9 in three phases between 2009 and finalising in July 2014. It is to be applied retrospectively subject to transitional reliefs. The objective of the new Standard is to provide users with more useful information about an entity’s expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date of financial instruments. IFRS 9 applies a single classification and measurement approach to all types of financial assets; at amortised cost or at fair value through either OCI or residually through Profit or Loss. IFRS 9 carries forward unchanged almost all of the accounting requirements in IAS 39 for financial	The introduction of IFRS 9 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury will be issuing an Exposure Draft on IFRS 9 over the Summer of 2016.

Standard (amendment/ new)	IASB effective date – beginning on or after (EU Adopted?)	FReM Application?	Summary	Central Government Impact
			<p>liabilities. IFRS 9 contains a single forward-looking ‘expected-loss’ impairment model applied to all financial instruments subject to impairment accounting which will result in earlier and more timely recognition of expected credit losses. The new model also requires that an impairment allowance, for expected credit losses, be raised even where no evidence of deterioration is present. IFRS 9 introduces a reformed model for hedge accounting which principally aligns the accounting treatment with risk management activities.</p>	
IFRS 16 - <i>Leases (IAS 17 replacement)</i> (new)	The IASB issued the Standard in January 2016. IFRS 16 has an effective date of January 2019.	With a view to include in the 2019-20 FReM (subject to EU adoption and the Exposure Draft process)	<p>IFRS 16 has been developed by the IASB with the aim of improving the financial reporting of leasing activities in light of criticisms that the previous accounting model for leases failed to meet the needs of users of financial statements.</p> <p>IFRS 16 largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This is a significant change in lessee accounting.</p> <p>IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted</p>	The introduction of IFRS 16 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury will issue an Exposure Draft on IFRS 16 in advance of the effective date.



Standard (amendment/ new)	IASB effective date – beginning on or after (EU Adopted?)	FReM Application?	Summary	Central Government Impact
			<p>for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.</p> <p>As well as superseding IAS 17 Leases, IFRS 16 also supersedes the following interpretations:  (a) IFRIC 4 Determining whether an Arrangement contains a Lease;  (b) SIC-15 Operating Leases-Incentives; and  (c) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.</p>	
<p>IAS 12 - <i>Recognition of Deferred Tax Assets for Unrealised Losses</i> (issued on 19 January 2016) (amendment)</p>	<p>1 January 2017 (not yet EU adopted; expected in the third quarter of 2016)</p>	<p>With a view to include in the 2017-18 FReM (subject to EU adoption)</p>	<p>IAS 12 currently applies without adaptation in the public sector.</p> <p>IAS 12 provides requirements on the recognition and measurement of current or deferred tax liabilities or assets. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value.</p>	<p>HM Treasury will review the implications of this amendment and follow due process nearer to the EU adoption and effective dates. Any substantive changes to the FReM will be approved by the FRAB and communicated appropriately.</p>
<p>IAS 7 - <i>Disclosure Initiative</i> (issued in January 2016) (amendment)</p>	<p>1 January 2017 (not yet EU adopted; expected in the third quarter of 2016)</p>	<p>With a view to include in the 2017-18 FReM (subject to EU adoption)</p>	<p>IAS 7 is interpreted in the FReM for the public sector context. Departments should follow the format of the Statement of Cash Flows in IAS 7 but should include at the foot of the statement those cash flows with the Consolidated Fund.</p> <p>These amendments come with the objective that entities shall provide disclosures that enable users of</p>	<p>HM Treasury will review the implications of this amendment and follow due process nearer to the EU adoption and effective dates. Any substantive changes to the FReM will be approved by the FRAB and communicated appropriately.</p>

Standard (amendment/ new)	IASB effective date – beginning on or after (EU Adopted?)	FReM Application?	Summary	Central Government Impact
			<p>financial statements to evaluate changes in liabilities arising from financing activities.</p> <p>To achieve this objective, the IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary):            (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 foreign exchange rates;            (iv) changes in fair values; and            (v) other changes.</p> <p>The IASB defines liabilities arising from financing activities as liabilities "for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities". The new disclosure requirements also relate to changes in financial assets if they meet the same definition.</p> <p>The amendments state that one way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. This is a departure from the December 2014 exposure draft that had proposed that such a reconciliation should be required.</p>	

Standard (amendment/ new)	IASB effective date – beginning on or after (EU Adopted?)	FReM Application?	Summary	Central Government Impact
			<p>Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.</p>	
<p>IFRS 15 - <i>Revenue from Contracts with Customers</i> (issued in April 2016) (clarifications)</p>	<p>1 January 2018 (not yet EU adopted; expected in the first quarter of 2017)</p>	<p>With a view to include in the 2018-19 FReM (subject to EU adoption and the Exposure Draft process)</p>	<p>IASB issued clarifications to IFRS 15 in April 2016 to address implementation questions that were discussed by the Joint Transition Resource Group for Revenue Recognition with the FASB. The amendments were also intended to reduce diversity in practice when entities adopt the new revenue standard and decrease the cost and complexity of applying it.</p> <p>The clarifications relate to:</p> <p>a) When an entity’s activities significantly affect the intellectual property to which the customer has rights, which is a factor in determining whether the entity recognises revenue over time or at a point in time;</p> <p>b) How entities would apply the exception for sales- and usage-based royalties related to licences of intellectual property and recognise revenue when the related licences are not separate performance obligations;</p>	<p>The introduction of IFRS 15 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury will be issuing an Exposure Draft on IFRS 15 over the Summer in of 2016. These clarifications will be reviewed as a part of the implementation project.</p>

Standard (amendment/ new)	IASB effective date – beginning on or after (EU Adopted?)	FReM Application?	Summary	Central Government Impact
			<p>c) When a promised good or service is distinct within the context of the contract by amending related illustrative examples to IFRS 15;</p> <p>d) Reframing the principal versus agent indicators, clarifying how to apply the control principle to services provided by another party, amending related illustrative examples, and adding two examples to clarify how to apply the principal versus agent application guidance;</p> <p>e) Adding two practical expedients to the transition requirements of IFRS 15 for:</p> <ul style="list-style-type: none"> <li>I. Completed contracts under the full retrospective transition approach; and</li> <li>II. ii. Contract modifications at transition</li> </ul>	
IFRS 14 – <i>Regulatory Deferral Accounts</i> (new)	1 January 2016 (not yet EU adopted)	Not applicable	IFRS 14 is a limited scope Standard providing an interim solution for rate-regulated entities that have not yet adopted IFRS. It permits them to avoid changes in accounting policy until such time as the IASB has completed its wider project on rate-regulated activities. The Standard permits an entity upon first-time adoption of IFRS to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and	The European Commission has decided not to launch the endorsement process of this interim Standard and to wait for the final Standard. Therefore, this Standard will not be included in the FReM.

Standard (amendment/ new)	IASB effective date – beginning on or after (EU Adopted?)	FReM Application?	Summary	Central Government Impact
			movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required.	

### III. Financial Reporting – Future Developments

Standard (amendment/ new)	Effective date – beginning on or after (EU Adopted?)	FReM Application?	Summary	Central Government Impact
IFRS 10 and IAS 28 – <i>Sale or contribution of Assets between an investor and its associates or joint</i> (amendment)	Deferred indefinitely.	The EU has postponed the endorsement process.	These amendments prescribe the accounting treatment for the sale or contribution of assets between an investor and its associate or joint venture. The European Financial Reporting Advisory Group has recommended that the European Commission postpone the endorsement process on these amendments until the IASB’s project on ‘Elimination of gains or losses arising from transactions between an entity and its associate or joint venture’ is completed.	HM Treasury will review the implications of these changes and follow due process nearer to the EU adoption date. Any substantive changes to the FReM will be approved by the FRAB and communicated appropriately.

<p>[IFRS 17 <i>Insurance Contracts</i>] (new)</p>	<p>c.2020</p>	<p>With a view to include in the 2020-21 FReM (subject to EU adoption and public sector consultation)</p>	<p>The IASB is currently undertaking an extensive project on insurance contracts and is working towards publishing a new Insurance Contracts Standard later in 2016 with an earliest possibly effective date being c.2020.</p> <p>The two high level issues driving the need for a new global Standard are:</p> <ul style="list-style-type: none"> <li>• improving the transparency of information to better assess the effects on the financial statements; and</li> <li>• improving comparability between products, companies and jurisdictions.</li> </ul> <p>Click <a href="#">here</a> to view the IASB's progress on the insurance contracts project.</p> <p>To note: both IFRS 9 and the new insurance contracts Standard will be relevant to entities that issue insurance contracts.</p>	<p>HM Treasury will review the new Standard once issued and follow due process nearer to the EU adoption date. Any substantive changes to the FReM will be approved by the FRAB and communicated appropriately.</p>
---------------------------------------------------	---------------	-----------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------