



Financial Reporting Workshop

New and revised accounting standards



Contents



1. IFRS for SMEs

2. IFRS:

- i. Changes effective 1 January 2016
- ii. Changes effective 1 January 2017
- iii. Changes effective 2018 and beyond



IFRS for SMEs



IFRS for SMEs



- Originally issued in 2009
- First round of updates completed in 2015
- Effective date for the amendments – years beginning on or after 1 January 2017
- Early adoption widely expected



IFRS for SMEs - changes



- Enhanced guidance on undue cost and effort for exemptions
- Investment property carried at cost now separate line item on the SFP
- Several exemptions added for fair value in respect of simple financial instruments based on undue cost and effort
- PPE – option to use the revaluation model



IFRS for SMEs - changes



- Intangibles – useful life not to exceed 10 years
- Tax – alignment to the requirements of IAS 12



IFRSs – changes effective 1 Jan 2016



IFRSs – 2016 effective changes



- IFRS 5:
 - Guidance on methods of disposal involving distribution to owners
 - Reclassifications between held for sale and held for distribution do not change the overall plan for disposal
 - Discontinuance of a plan to sell or distribute should be dealt with in same manner as assets ceasing to be classified as held for sale



IFRSs – 2016 effective changes



- IFRS 7:
 - Guidance on when servicing contracts post transfer of an asset constitute continuing involvement for purpose of disclosure requirements
 - Clarification that whilst the offsetting amendments to IFRS 7 do not explicitly apply to interim financial statements, the disclosures would be needed to comply with IAS 34



IFRSs – 2016 effective changes



- IFRS 10, 12 & 28:
 - Clarifies that exemptions from consolidation will still be available to a subsidiary of an investment entity
 - Subsidiary that provides services may still be excluded from consolidation if it is itself an investment entity
 - An investor in an investment entity can use the fair value measurement applied by the associate or JV
 - IFRS 12 disclosures continue to apply for fair value measured subsidiaries



IFRSs – 2016 effective changes



- IFRS 11:
 - Clarification that where joint operations are acquired that meet the definition of a business, IFRS 3 requirements on fair valuation, recognition of deferred tax etc. will apply.



IFRSs – 2016 effective changes



- IFRS 14:
 - Applies to regulatory deferral accounts
 - Limited scope interim standard
 - Applies to entities supplying rate regulated products and services
 - Permits continued application of previous GAAP basis



IFRSs – 2016 effective changes



- IAS 1 – disclosure initiative amendments:
 - Materiality – clarifies that materiality applies all across FS and that presentation of immaterial items may obscure FS
 - Permits aggregation and disaggregation of line items on primary statements
 - Clarified share of JV/associate OCI to be presented as single line items depending on whether they may be reclassified to P&L
 - Order of notes – based on clarity rather than strict order as presented in IAS 1



IFRSs – 2016 effective changes



- IAS 16 & 38:
 - Amendments arising from changes to IAS 41 relating to bearer plants (see below)
 - Clarification in respect of acceptable method of depreciation and amortisation and that a depreciation model based on revenue is not considered to be appropriate



IFRSs – 2016 effective changes



- IAS 19:
 - Clarification that the discount rates used as derived from high quality corporate bonds should be based on the same currency as that in which the benefits will be paid.



IFRSs – 2016 effective changes



- IAS 27:
 - Amendments now permit an entity to apply the equity method to account for investments in subsidiaries, associates and joint ventures in addition to existing provisions of accounting at cost or under fair value (IAS 39/IFRS 9)



IFRSs – 2016 effective changes



- IAS 34:
 - Information presented elsewhere in the annual report that is relevant to IAS 34 should be cross referenced



IFRSs – 2016 effective changes



- IAS 41:
 - Bearer plants now required to be accounted for under IAS 16 using either the cost or revaluation model
 - Fair value used as deemed cost on the earliest date presented



IFRSs – changes effective 1 Jan 2017



IFRSs – 2017 effective changes



- IAS 7:
 - Disclosure initiative changes related primarily to cash flows from financing activities
 - Changes in financial liabilities should be separately presented for actual cash flows, acquisition and disposal of subsidiaries, effect of changes in forex rates, fair values and other changes
 - Best done through a debt reconciliation from opening to closing



IFRSs – 2017 effective changes



- IAS 12:
 - Clarification that unrealised gains and losses in respect of debt instruments will comprise a temporary difference on which deferred tax arises
 - Measurement of such deferred tax should be based on the relevant provisions of IAS 12



IFRSs – changes effective 1 Jan 2018



IFRSs – 2018 effective changes



- IFRS 2:
 - Clarification that equity settled provisions apply to vesting conditions for cash settled schemes
 - Net settled share based schemes treated as equity settled schemes
 - Modifications from cash settled to equity clarified with any changes in carrying value recognised in profit or loss



IFRSs – 2018 effective changes



- IFRS 9 and IFRS 15:
 - Refer to separate presentations



IFRSs – changes effective 1 Jan 2019



IFRSs – 2019 effective changes



- IFRS 16:
 - Refer to separate presentation

