Status: Point in time view as at 31/12/2020.
Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EC) No 1126/2008, ANNEX. (See end of Document for details)

ANNEX

INTERNATIONAL ACCOUNTING STANDARDS

Textual Amendments applied to the whole legislation

F1 Regulation revoked (31.12.2020) by The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/685), reg. 1(2), Sch. 2 para. 1 (with reg. 20(2)) (as amended by S.I. 2020/335, regs. 1, 5); 2020 c. 1, Sch. 5 para. 1(1)

. . . .

INTERNATIONAL ACCOUNTING STANDARD 1

Presentation of Financial Statements

OBJECTIVE

. . . .

1 . . . .

SCOPE

. . . .

2 . . . .

3 . . . .

4 . . . .

5 . . . .

6 . . . .

DEFINITIONS

. . . .

7 **The following terms are used in this Standard with the meanings specified:**

. . . .

8 . . . .

8A The following terms are described in IAS 32 *Financial Instruments: Presentation* and are used in this Standard with the meaning specified in IAS 32:

. . . .

FINANCIAL STATEMENTS

. . . .

Purpose of financial statements

. . . .

9 Financial statements are a structured representation of the financial position and financial performance of an entity. The objective of financial statements is to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users in making economic decisions. Financial statements also show the results of the management's stewardship of the resources entrusted to it. To meet this objective, financial statements provide information about an entity's:

. . . .

Complete set of financial statements

. . . .

10 **A complete set of financial statements comprises** :

. . . .

10A . . . .

11 . . . .

12 . . . .

13 Many entities present, outside the financial statements, a financial review by management that describes and explains the main features of the entity's financial performance and financial position, and the principal uncertainties it faces. Such a report may include a review of:

. . . .

14 . . . .

General features

. . . .

Fair presentation and compliance with IFRSs

. . . .

15 . . . .

16 . . . .

17 In virtually all circumstances, an entity achieves a fair presentation by compliance with applicable IFRSs. A fair presentation also requires an entity:

. . . .

18 . . . .

19 . . . .

20 **When an entity departs from a requirement of an IFRS in accordance with paragraph 19, it shall disclose:**

. . . .

21 . . . .

22 . . . .

23 **In the extremely rare circumstances in which management concludes that compliance with a requirement in an IFRS would be so misleading that it would conflict with the objective of financial statements set out in the *Conceptual Framework* , but the relevant regulatory framework prohibits departure from the requirement, the entity shall, to the maximum extent possible, reduce the perceived misleading aspects of compliance by disclosing:**

. . . .

24 For the purpose of paragraphs 19–23, an item of information would conflict with the objective of financial statements when it does not represent faithfully the transactions, other events and conditions that it either purports to represent or could reasonably be expected to represent and, consequently, it would be likely to influence economic decisions made by users of financial statements. When assessing whether complying with a specific requirement in an IFRS would be so misleading that it would conflict

with the objective of financial statements set out in the *Conceptual Framework* , management considers:

. . . .

Going concern

. . . .

25 . . . .

26 . . . .

Accrual basis of accounting

. . . .

27 . . . .

28 . . . .

Materiality and aggregation

. . . .

29 . . . .

30 . . . .

30A . . . .

31 . . . .

Offsetting

. . . .

32 . . . .

33 . . . .

34 IFRS 15 *Revenue from Contracts with Customers* requires an entity to measure revenue from contracts with customers at the amount of consideration to which the entity expects to be entitled in exchange for transferring promised goods or services. For example, the amount of revenue recognised reflects any trade discounts and volume rebates the entity allows. An entity undertakes, in the course of its ordinary activities, other transactions that do not generate revenue but are incidental to the main revenue-generating activities. An entity presents the results of such transactions, when this presentation reflects the substance of the transaction or other event, by netting any income with related expenses arising on the same transaction. For example:

. . . .

35 . . . .

Frequency of reporting

. . . .

36 An entity shall present a complete set of financial statements (including comparative information) at least annually. When an entity changes the end of its reporting period and presents financial statements for a period longer or shorter than one year, an entity shall disclose, in addition to the period covered by the financial statements:

. . . .

37 . . . .

Comparative information

. . . .

Minimum comparative information

. . . .

38 . . . .

38A . . . .

38B . . . .

Additional comparative information

. . . .

38C . . . .

38D . . . .

39 An entity disclosing comparative information shall present, as a minimum, two statements of financial position, two of each of the other statements, and related notes. When an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements, it shall present, as a minimum, three statements of financial position, two of each of the other statements, and related notes. An entity presents statements of financial position as at:

. . . .

40 . . . .

Change in accounting policy, retrospective restatement or reclassification

. . . .

40A **An entity shall present a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements required in paragraph 38A if:**

. . . .

40B In the circumstances described in paragraph 40A, an entity shall present three statements of financial position as at:

. . . .

40C . . . .

40D . . . .

41 **If an entity changes the presentation or classification of items in its financial statements, it shall reclassify comparative amounts unless reclassification is impracticable. When an entity reclassifies comparative amounts, it shall disclose (including as at the beginning of the preceding period):**

. . . .

42 When it is impracticable to reclassify comparative amounts, an entity shall disclose:

. . . .

43 . . . .

44 . . . .

Consistency of presentation

. . . .

45 An entity shall retain the presentation and classification of items in the financial statements from one period to the next unless:

. . . .

46 . . . .

STRUCTURE AND CONTENT

. . . .

Introduction

. . . .

47 . . . .

48 . . . .

Identification of the financial statements

. . . .

49 . . . .

50 . . . .

51 An entity shall clearly identify each financial statement and the notes. In addition, an entity shall display the following information prominently, and repeat it when necessary for the information presented to be understandable:

. . . .

52 . . . .

53 . . . .

Statement of financial position

. . . .

Information to be presented in the statement of financial position

. . . .

54 **The statement of financial position shall include line items that present the following amounts:**

. . . .

55 . . . .

55A When an entity presents subtotals in accordance with paragraph 55, those subtotals shall:

. . . .

56 . . . .

57 This Standard does not prescribe the order or format in which an entity presents items. Paragraph 54 simply lists items that are sufficiently different in nature or function to warrant separate presentation in the statement of financial position. In addition:

. . . .

58 An entity makes the judgement about whether to present additional items separately on the basis of an assessment of:

. . . .

59 . . . .

Current/non-current distinction

. . . .

60 . . . .

61 Whichever method of presentation is adopted, an entity shall disclose the amount expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled:

. . . .

62 . . . .

63 . . . .

64 . . . .

65 . . . .

Current assets

. . . .

66 An entity shall classify an asset as current when:

. . . .

67 . . . .

68 . . . .

Current liabilities

. . . .

69 **An entity shall classify a liability as current when:**

. . . .

70 . . . .

71 . . . .

72 An entity classifies its financial liabilities as current when they are due to be settled within twelve months after the reporting period, even if:

. . . .

73 . . . .

74 . . . .

75 . . . .

76 In respect of loans classified as current liabilities, if the following events occur between the end of the reporting period and the date the financial statements are authorised for issue, those events are disclosed as non-adjusting events in accordance with IAS 10 *Events after the Reporting Period* :

. . . .

Information to be presented either in the statement of financial position or in the notes

. . . .

77 . . . .

78 The detail provided in subclassifications depends on the requirements of IFRSs and on the size, nature and function of the amounts involved. An entity also uses the factors set out in paragraph 58 to decide the basis of subclassification. The disclosures vary for each item, for example:

. . . .

79 An entity shall disclose the following, either in the statement of financial position or the statement of changes in equity, or in the notes:

. . . .

80 . . . .

80A If an entity has reclassified

. . . .

Statement of profit or loss and other comprehensive income

. . . .

81 An entity shall present all items of income and expense recognised in a period:

. . . .

81A The statement of profit or loss and other comprehensive income (statement of comprehensive income) shall present, in addition to the profit or loss and other comprehensive income sections:

. . . .

81B An entity shall present the following items, in addition to the profit or loss and other comprehensive income sections, as allocation of profit or loss and other comprehensive income for the period:

. . . .

Information to be presented in profit or loss section or the statement of profit or loss

. . . .

82 **In addition to items required by other IFRSs, the profit or loss section or the statement of profit or loss shall include line items that present the following amounts for the period:**

. . . .

Information to be presented in the other comprehensive income section

. . . .

82A **The other comprehensive income section shall present line items for the amounts for the period of:**

. . . .

83 An entity shall disclose the following items in the statement of comprehensive income as allocations of profit or loss for the period:

. . . .

84 . . . .

85 . . . .

85A When an entity presents subtotals in accordance with paragraph 85, those subtotals shall:

. . . .

85B . . . .

86 . . . .

87 . . . .

Profit or loss for the period

. . . .

88 . . . .

89 . . . .

Other comprehensive income for the period

. . . .

90 . . . .

91 An entity may present items of other comprehensive income either:

. . . .

92 . . . .

93 . . . .

94 . . . .

95 . . . .

96 . . . .

Information to be presented in the statement(s) of profit or loss and other comprehensive income or in the notes

. . . .

97 . . . .

98 Circumstances that would give rise to the separate disclosure of items of income and expense include:

. . . .

99 . . . .

100 . . . .

101 . . . .

102 The first form of analysis is the ‘nature of expense’ method. An entity aggregates expenses within profit or loss according to their nature (for example, depreciation, purchases of materials, transport costs, employee benefits and advertising costs), and does not reallocate them among functions within the entity. This method may be simple to apply because no allocations of expenses to functional classifications are necessary. An example of a classification using the nature of expense method is as follows:

. . . .

103 The second form of analysis is the ‘function of expense’ or ‘cost of sales’ method and classifies expenses according to their function as part of cost of sales or, for example, the costs of distribution or administrative activities. At a minimum, an entity discloses its cost of sales under this method separately from other expenses. This method can provide more relevant information to users than the classification of expenses by nature, but allocating costs to functions may require arbitrary allocations and involve considerable judgement. An example of a classification using the function of expense method is as follows:

. . . .

104 . . . .

105 . . . .

Statement of changes in equity

. . . .

Information to be presented in the statement of changes in equity

. . . .

106 **An entity shall present a statement of changes in equity as required by paragraph 10. The statement of changes in equity includes the following information:**

. . . .

Information to be presented in the statement of changes in equity or in the notes

. . . .

106A . . . .

107 . . . .

108 . . . .

109 . . . .

110 . . . .

Statement of cash flows

. . . .

111 . . . .

Notes

. . . .

Structure

. . . .

112 The notes shall:

. . . .

113 . . . .

114 Examples of systematic ordering or grouping of the notes include:

. . . .

115 . . . .

116 . . . .

Disclosure of accounting policies

. . . .

117 **An entity shall disclose its significant accounting policies comprising:**

. . . .

118 . . . .

119 . . . .

120 . . . .

121 . . . .

122 . . . .

123 In the process of applying the entity's accounting policies, management makes various judgements, apart from those involving estimations, that can significantly affect the amounts it recognises in the financial statements. For example, management makes judgements in determining:

. . . .

124 . . . .

Sources of estimation uncertainty

. . . .

125 An entity shall disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of:

. . . .

126 . . . .

127 . . . .

128 . . . .

129 An entity presents the disclosures in paragraph 125 in a manner that helps users of financial statements to understand the judgements that management makes about the future and about other sources of estimation uncertainty. The nature and extent of the information provided vary according to the nature of the assumption and other circumstances. Examples of the types of disclosures an entity makes are:

. . . .

130 . . . .

131 . . . .

132 . . . .

133 . . . .

Capital

. . . .

134 . . . .

135 To comply with paragraph 134, the entity discloses the following:

. . . .

136 . . . .

Puttable financial instruments classified as equity

. . . .

136A For puttable financial instruments classified as equity instruments, an entity shall disclose (to the extent not disclosed elsewhere):

. . . .

Other disclosures

. . . .

137 An entity shall disclose in the notes:

. . . .

138 An entity shall disclose the following, if not disclosed elsewhere in information published with the financial statements:

. . . .

TRANSITION AND EFFECTIVE DATE

. . . .

139 . . . .

139A . . . .

139B . . . .

139C . . . .

139D . . . .

139F . . . .

139H . . . .

139I . . . .

139J . . . .

139K . . . .

139L . . . .

139N . . . .

139O . . . .

139P . . . .

139Q . . . .

139S . . . .

139T . . . .

WITHDRAWAL OF IAS 1 (REVISED 2003)

. . . .

140 . . . .

INTERNATIONAL ACCOUNTING STANDARD 2

Inventories

OBJECTIVE

. . . .

1 . . . .

SCOPE

. . . .

2 **This Standard applies to all inventories, except:**

. . . .

3 This standard does not apply to the measurement of inventories held by:

. . . .

4 . . . .

5 . . . .

DEFINITIONS

. . . .

6 The following terms are used in this standard with the meanings specified:

. . . .

7 . . . .

8 . . . .

MEASUREMENT OF INVENTORIES

. . . .

9 . . . .

Cost of inventories

. . . .

10 . . . .

Costs of purchase

. . . .

11 . . . .

Costs of conversion

. . . .

12 . . . .

13 . . . .

14 . . . .

Other costs

. . . .

15 . . . .

16 Examples of costs excluded from the cost of inventories and recognised as expenses in the period in which they are incurred are:

. . . .

17 . . . .

18 . . . .

Cost of inventories of a service provider

. . . .

19 . . . .

Cost of agricultural produce harvested from biological assets

. . . .

20 . . . .

Techniques for the measurement of cost

. . . .

21 . . . .

22 . . . .

Cost formulas

. . . .

23 . . . .

24 . . . .

25 . . . .

26 . . . .

27 . . . .

Net realisable value

. . . .

28 . . . .

29 . . . .

30 . . . .

31 . . . .

32 . . . .

33 . . . .

RECOGNITION AS AN EXPENSE

. . . .

34 . . . .

35 . . . .

DISCLOSURE

. . . .

36 The financial statements shall disclose:

. . . .

37 . . . .

38 . . . .

39 . . . .

EFFECTIVE DATE

. . . .

40 . . . .

40C . . . .

40E . . . .

40F . . . .

40G . . . .

WITHDRAWAL OF OTHER PRONOUNCEMENTS

. . . .

41 . . . .

42 . . . .

INTERNATIONAL ACCOUNTING STANDARD 7

Statement of Cash Flows

OBJECTIVE

. . . .

SCOPE

. . . .

1 . . . .

2 . . . .

3 . . . .

BENEFITS OF CASH FLOW INFORMATION

. . . .

4 . . . .

5 . . . .

DEFINITIONS

. . . .

6 The following terms are used in this standard with the meanings specified:

. . . .

Cash and cash equivalents

. . . .

7 . . . .

8 . . . .

9 . . . .

PRESENTATION OF A STATEMENT OF A CASH FLOWS

. . . .

10 . . . .

11 . . . .

12 . . . .

Operating activities

. . . .

13 . . . .

14 Cash flows from operating activities are primarily derived from the principal revenue-producing activities of the entity. Therefore, they generally result from the transactions and other events that enter into the determination of profit or loss. Examples of cash flows from operating activities are:

. . . .

15 . . . .

Investing activities

. . . .

16 The separate disclosure of cash flows arising from investing activities is important because the cash flows represent the extent to which expenditures have been made for resources intended to generate future income and cash flows. Only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities. Examples of cash flows arising from investing activities are:

. . . .

Financing activities

. . . .

17 The separate disclosure of cash flows arising from financing activities is important because it is useful in predicting claims on future cash flows by providers of capital to the entity. Examples of cash flows arising from financing activities are:

. . . .

REPORTING CASH FLOWS FROM OPERATING ACTIVITIES

. . . .

18 An entity shall report cash flows from operating activities using either:

. . . .

19 Entities are encouraged to report cash flows from operating activities using the direct method. The direct method provides information which may be useful in estimating future cash flows and which is not available under the indirect method. Under the direct method, information about major classes of gross cash receipts and gross cash payments may be obtained either:

. . . .

20 Under the indirect method, the net cash flow from operating activities is determined by adjusting profit or loss for the effects of:

. . . .

REPORTING CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES

. . . .

21 . . . .

REPORTING CASH FLOWS ON A NET BASIS

. . . .

22 Cash flows arising from the following operating, investing or financing activities may be reported on a net basis:

. . . .

23 Examples of cash receipts and payments referred to in paragraph 22(a) are:

. . . .

24 Cash flows arising from each of the following activities of a financial institution may be reported on a net basis:

. . . .

FOREIGN CURRENCY CASH FLOWS

. . . .

25 . . . .

26 . . . .

27 . . . .

28 . . . .

29 . . . .

30 . . . .

INTEREST AND DIVIDENDS

. . . .

31 . . . .

32 . . . .

33 . . . .

34 . . . .

TAXES ON INCOME

. . . .

35 . . . .

36 . . . .

INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

. . . .

37 . . . .

38 . . . .

CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES AND OTHER BUSINESSES

. . . .

39 . . . .

40 An entity shall disclose, in aggregate, in respect of both obtaining and losing control of subsidiaries or other businesses during the period each of the following:

. . . .

40A . . . .

41 . . . .

42 . . . .

42A . . . .

42B . . . .

NON-CASH TRANSACTIONS

. . . .

43 . . . .

44 Many investing and financing activities do not have a direct impact on current cash flows although they do affect the capital and asset structure of an entity. The exclusion of non-cash transactions from the statement of cash flows is consistent with the objective of a statement of cash flows as these items do not involve cash flows in the current period. Examples of non-cash transactions are:

. . . .

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

. . . .

44A . . . .

44B To the extent necessary to satisfy the requirement in paragraph 44A, an entity shall disclose the following changes in liabilities arising from financing activities:

. . . .

44C . . . .

44D . . . .

44E . . . .

COMPONENTS OF CASH AND CASH EQUIVALENTS

. . . .

45 . . . .

46 . . . .

47 . . . .

OTHER DISCLOSURES

. . . .

48 . . . .

49 . . . .

50 Additional information may be relevant to users in understanding the financial position and liquidity of an entity. Disclosure of this information, together with a commentary by management, is encouraged and may include:

. . . .

51 . . . .

52 . . . .

EFFECTIVE DATE

. . . .

53 . . . .

54 . . . .

55 . . . .

56 . . . .

57 . . . .

58 . . . .

59 . . . .

60 . . . .

INTERNATIONAL ACCOUNTING STANDARD 8

Accounting policies, changes in accounting estimates and errors

OBJECTIVE

. . . .

1 . . . .

2 . . . .

SCOPE

. . . .

3 . . . .

4 . . . .

DEFINITIONS

. . . .

5 The following terms are used in this standard with the meanings specified:

. . . .

6 . . . .

ACCOUNTING POLICIES

. . . .

Selection and application of accounting policies

. . . .

7 . . . .

8 . . . .

9 . . . .

10 In the absence of an IFRS that specifically applies to a transaction, other event or condition, management shall use its judgement in developing and applying an accounting policy that results in information that is:

. . . .

11 In making the judgement described in paragraph 10, management shall refer to, and consider the applicability of, the following sources in descending order:

. . . .

12 . . . .

Consistency of accounting policies

. . . .

13 . . . .

Changes in accounting policies

. . . .

14 An entity shall change an accounting policy only if the change:

. . . .

15 . . . .

16 The following are not changes in accounting policies:

. . . .

17 . . . .

18 . . . .

Applying changes in accounting policies

. . . .

19 Subject to paragraph 23:

. . . .

20 . . . .

21 . . . .

Retrospective application

. . . .

22 . . . .

Limitations on retrospective application

. . . .

23 . . . .

24 . . . .

25 . . . .

26 . . . .

27 . . . .

Disclosure

. . . .

28 When initial application of an IFRS has an effect on the current period or any prior period, would have such an effect except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose:

. . . .

29 When a voluntary change in accounting policy has an effect on the current period or any prior period, would have an effect on that period except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose:

. . . .

30 When an entity has not applied a new IFRS that has been issued but is not yet effective, the entity shall disclose:

. . . .

31 In complying with paragraph 30, an entity considers disclosing:

. . . .

CHANGES IN ACCOUNTING ESTIMATES

. . . .

32 As a result of the uncertainties inherent in business activities, many items in financial statements cannot be measured with precision but can only be estimated. Estimation involves judgements based on the latest available, reliable information. For example, estimates may be required of:

. . . .

33 . . . .

34 . . . .

35 . . . .

36 The effect of a change in an accounting estimate, other than a change to which paragraph 37 applies, shall be recognised prospectively by including it in profit or loss in:

. . . .

37 . . . .

38 . . . .

Disclosure

. . . .

39 . . . .

40 . . . .

ERRORS

. . . .

41 . . . .

42 Subject to paragraph 43, an entity shall correct material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by:

. . . .

Limitations on retrospective restatement

. . . .

43 . . . .

44 . . . .

45 . . . .

46 . . . .

47 . . . .

48 . . . .

Disclosure of prior period errors

. . . .

49 In applying paragraph 42, an entity shall disclose the following:

. . . .

IMPRACTICABILITY IN RESPECT OF RETROSPECTIVE APPLICATION AND RETROSPECTIVE RESTATEMENT

. . . .

50 . . . .

51 . . . .

52 Therefore, retrospectively applying a new accounting policy or correcting a prior period error requires distinguishing information that

. . . .

53 . . . .

EFFECTIVE DATE AND TRANSITION

. . . .

54 . . . .

54C . . . .

54E . . . .

54F . . . .

54G . . . .

54H . . . .

WITHDRAWAL OF OTHER PRONOUNCEMENTS

. . . .

55 . . . .

56 This standard supersedes the following interpretations:

. . . .

INTERNATIONAL ACCOUNTING STANDARD 10

Events after the Reporting Period

OBJECTIVE

. . . .

1 The objective of this standard is to prescribe:

. . . .

SCOPE

. . . .

2 . . . .

DEFINITIONS

. . . .

3 The following terms are used in this standard with the meanings specified:

. . . .

4 . . . .

5 . . . .

Example

. . . .

6 . . . .

Example

. . . .

7 . . . .

RECOGNITION AND MEASUREMENT

. . . .

Adjusting events after the reporting period

. . . .

8 . . . .

9 The following are examples of adjusting events after the reporting period that require an entity to adjust the amounts recognised in its financial statements, or to recognise items that were not previously recognised:

. . . .

Non-adjusting events after the reporting period

. . . .

10 . . . .

11 . . . .

Dividends

. . . .

12 . . . .

13 . . . .

GOING CONCERN

. . . .

14 . . . .

15 . . . .

16 IAS 1 specifies required disclosures if:

. . . .

DISCLOSURE

. . . .

Date of authorisation for issue

. . . .

17 . . . .

18 . . . .

Updating disclosure about conditions at the end of the reporting period

. . . .

19 . . . .

20 . . . .

Non-adjusting events after the reporting period

. . . .

21 **If non-adjusting events after the reporting period are material, non-disclosure could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Accordingly, an entity shall disclose the following for each material category of non-adjusting event after the reporting period:**

. . . .

22 The following are examples of non-adjusting events after the reporting period that would generally result in disclosure:

. . . .

EFFECTIVE DATE

. . . .

23 . . . .

23A . . . .

23B . . . .

23C . . . .

WITHDRAWAL OF IAS 10 (REVISED 1999)

. . . .

24 . . . .

INTERNATIONAL ACCOUNTING STANDARD 11

Construction contracts

OBJECTIVE

. . . .

SCOPE

. . . .

1 . . . .

2 . . . .

DEFINITIONS

. . . .

3 The following terms are used in this standard with the meanings specified:

. . . .

4 . . . .

5 For the purposes of this standard, construction contracts include:

. . . .

6 . . . .

COMBINING AND SEGMENTING CONSTRUCTION CONTRACTS

. . . .

7 . . . .

8 When a contract covers a number of assets, the construction of each asset shall be treated as a separate construction contract when:

. . . .

9 A group of contracts, whether with a single customer or with several customers, shall be treated as a single construction contract when:

. . . .

10 A contract may provide for the construction of an additional asset at the option of the customer or may be amended to include the construction of an additional asset. The construction of the additional asset shall be treated as a separate construction contract when:

. . . .

CONTRACT REVENUE

. . . .

11 Contract revenue shall comprise:

. . . .

12 Contract revenue is measured at the fair value of the consideration received or receivable. The measurement of contract revenue is affected by a variety of uncertainties that depend on the outcome of future events. The estimates often need to be revised as events occur and uncertainties are resolved. Therefore, the amount of contract revenue may increase or decrease from one period to the next. For example:

. . . .

13 A variation is an instruction by the customer for a change in the scope of the work to be performed under the contract. A variation may lead to an increase or a decrease in contract revenue. Examples of variations are changes in the specifications or design of the asset and changes in the duration of the contract. A variation is included in contract revenue when:

. . . .

14 A claim is an amount that the contractor seeks to collect from the customer or another party as reimbursement for costs not included in the contract price. A claim may arise from, for example, customer caused delays, errors in specifications or design, and disputed variations in contract work. The measurement of the amounts of revenue arising from claims is subject to a high level of uncertainty and often depends on the outcome of negotiations. Therefore, claims are included in contract revenue only when:

. . . .

15 Incentive payments are additional amounts paid to the contractor if specified performance standards are met or exceeded. For example, a contract may allow for an incentive payment to the contractor for early completion of the contract. Incentive payments are included in contract revenue when:

. . . .

CONTRACT COSTS

. . . .

16 Contract costs shall comprise:

. . . .

17 Costs that relate directly to a specific contract include:

. . . .

18 Costs that may be attributable to contract activity in general and can be allocated to specific contracts include:

. . . .

19 . . . .

20 Costs that cannot be attributed to contract activity or cannot be allocated to a contract are excluded from the costs of a construction contract. Such costs include:

. . . .

21 . . . .

RECOGNITION OF CONTRACT REVENUE AND EXPENSES

. . . .

22 . . . .

23 In the case of a fixed price contract, the outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

. . . .

24 In the case of a cost plus contract, the outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

. . . .

25 . . . .

26 . . . .

27 . . . .

28 . . . .

29 An entity is generally able to make reliable estimates after it has agreed to a contract which establishes:

. . . .

30 The stage of completion of a contract may be determined in a variety of ways. The entity uses the method that measures reliably the work performed. Depending on the nature of the contract, the methods may include:

. . . .

31 When the stage of completion is determined by reference to the contract costs incurred to date, only those contract costs that reflect work performed are included in costs incurred to date. Examples of contract costs which are excluded are:

. . . .

32 When the outcome of a construction contract cannot be estimated reliably:

. . . .

33 . . . .

34 Contract costs that are not probable of being recovered are recognised as an expense immediately. Examples of circumstances in which the recoverability of contract costs incurred may not be probable and in which contract costs may need to be recognised as an expense immediately include contracts:

. . . .

35 . . . .

RECOGNITION OF EXPECTED LOSSES

. . . .

36 . . . .

37 The amount of such a loss is determined irrespective of:

. . . .

CHANGES IN ESTIMATES

. . . .

38 . . . .

DISCLOSURE

. . . .

39 An entity shall disclose:

. . . .

40 An entity shall disclose each of the following for contracts in progress at the end of the reporting period:

. . . .

41 . . . .

42 An entity shall present:

. . . .

43 The gross amount due from customers for contract work is the net amount of:

. . . .

44 The gross amount due to customers for contract work is the net amount of:

. . . .

45 . . . .

EFFECTIVE DATE

. . . .

46 . . . .

INTERNATIONAL ACCOUNTING STANDARD 12

Income taxes

OBJECTIVE

. . . .

SCOPE

. . . .

1 . . . .

2 . . . .

3 . . . .

4 . . . .

DEFINITIONS

. . . .

5 The following terms are used in this standard with the meanings specified:

. . . .

6 . . . .

Tax base

. . . .

7 . . . .

Examples

. . . .

1. . . . .

2. . . . .

3. . . . .

4. . . . .

5. . . . .

8 . . . .

Examples

. . . .

1. . . . .

2. . . . .

3. . . . .

4. . . . .

5. . . . .

9 . . . .

10 . . . .

11 . . . .

RECOGNITION OF CURRENT TAX LIABILITIES AND CURRENT TAX ASSETS

. . . .

12 . . . .

13 . . . .

14 . . . .

RECOGNITION OF DEFERRED TAX LIABILITIES AND DEFERRED TAX ASSETS

. . . .

TAXABLE TEMPORARY DIFFERENCES

. . . .

15 A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

. . . .

16 . . . .

Example

. . . .

17 Some temporary differences arise when income or expense is included in accounting profit in one period but is included in taxable profit in a different period. Such temporary differences are often described as timing differences. The following are examples of temporary differences of this kind which are taxable temporary differences and which therefore result in deferred tax liabilities:

. . . .

18 Temporary differences also arise when:

. . . .

Business combinations

. . . .

19 . . . .

Assets carried at fair value

. . . .

20 IFRSs permit or require certain assets to be carried at fair value or to be revalued (see, for example, IAS 16 *Property, Plant and Equipment* , IAS 38 *Intangible Assets* , IAS 39 *Financial Instruments: Recognition and Measurement* , IAS 40 *Investment Property* and IFRS 16 *Leases*). In some jurisdictions, the revaluation or other restatement of an asset to fair value affects taxable profit (tax loss) for the current period. As a result, the tax base of the asset is adjusted and no temporary difference arises. In other jurisdictions, the revaluation or restatement of an asset does not affect taxable profit in the period of the revaluation or restatement and, consequently, the

tax base of the asset is not adjusted. Nevertheless, the future recovery of the carrying amount will result in a taxable flow of economic benefits to the entity and the amount that will be deductible for tax purposes will differ from the amount of those economic benefits. The difference between the carrying amount of a revalued asset and its tax base is a temporary difference and gives rise to a deferred tax liability or asset. This is true even if:

. . . .

Assets carried at fair value

. . . .

20 IFRSs permit or require certain assets to be carried at fair value or to be revalued (see, for example, IAS 16 *Property, Plant and Equipment* , IAS 38 *Intangible Assets* , IAS 40 *Investment Property* , IFRS 9 *Financial Instruments* and IFRS 16 *Leases*). In some jurisdictions, the revaluation or other restatement of an asset to fair value affects taxable profit (tax loss) for the current period. As a result, the tax base of the asset is adjusted and no temporary difference arises. In other jurisdictions, the revaluation or restatement of an asset does not affect taxable profit in the period of the revaluation or restatement and, consequently, the tax base of the asset is not adjusted. Nevertheless, the future recovery of the carrying amount will result in a taxable flow of economic benefits to the entity and the amount that will be deductible for tax purposes will differ from the amount of those economic benefits. The difference between the carrying amount of a revalued asset and its tax base is a temporary difference and gives rise to a deferred tax liability or asset. This is true even if:

. . . .

Goodwill

. . . .

21 Goodwill arising in a business combination is measured as the excess of (a) over (b) below:

. . . .

21A . . . .

21B . . . .

Initial recognition of an asset or liability

. . . .

22 A temporary difference may arise on initial recognition of an asset or liability, for example if part or all of the cost of an asset will not be deductible for tax purposes. The method of accounting for such a temporary difference depends on the nature of the transaction that led to the initial recognition of the asset or liability:

. . . .

Example illustrating paragraph 22(c)

. . . .

23 . . . .

Deductible temporary differences

. . . .

24 A deferred tax asset shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

. . . .

25 . . . .

Example

. . . .

26 The following are examples of deductible temporary differences which result in deferred tax assets:

. . . .

Example illustrating paragraph 26(d)

. . . .

27 . . . .

27A . . . .

28 It is probable that taxable profit will be available against which a deductible temporary difference can be utilised when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse:

. . . .

29 When there are insufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, the deferred tax asset is recognised to the extent that:

. . . .

29A . . . .

30 Tax planning opportunities are actions that the entity would take in order to create or increase taxable income in a particular period before the expiry of a tax loss or tax credit carryforward. For example, in some jurisdictions, taxable profit may be created or increased by:

. . . .

31 . . . .

32 . . . .

Goodwill

. . . .

32A . . . .

Initial recognition of an asset or liability

. . . .

33 . . . .

Unused tax losses and unused tax credits

. . . .

34 . . . .

35 . . . .

36 An entity considers the following criteria in assessing the probability that taxable profit will be available against which the unused tax losses or unused tax credits can be utilised:

. . . .

Reassessment of unrecognised deferred tax assets

. . . .

37 . . . .

Investments in subsidiaries, branches and associates and interests in joint arrangements

. . . .

38 Temporary differences arise when the carrying amount of investments in subsidiaries, branches and associates or interests in joint arrangements (namely the parent or investor's share of the net assets of the subsidiary, branch, associate or investee, including the carrying amount of goodwill) becomes different from the tax base (which is often cost) of the investment or interest. Such differences may arise in a number of different circumstances, for example:

. . . .

39 **An entity shall recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint arrangements, except to the extent that both of the following conditions are satisfied:**

. . . .

40 . . . .

41 . . . .

42 . . . .

43 . . . .

44 An entity shall recognise a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint arrangements, to the extent that, and only to the extent that, it is probable that:

. . . .

45 . . . .

MEASUREMENT

. . . .

46 . . . .

47 . . . .

48 . . . .

49 . . . .

50 . . . .

51 . . . .

51A In some jurisdictions, the manner in which an entity recovers (settles) the carrying amount of an asset (liability) may affect either or both of:

. . . .

Example A

. . . .

Example B

. . . .

. . . .

Example C

. . . .

. . . .

51B . . . .

51C . . . .

Example illustrating paragraph 51C

. . . .

51D . . . .

51E . . . .

52A . . . .

52B . . . .

Example illustrating paragraphs 52A and 57A

. . . .

53 . . . .

54 . . . .

55 . . . .

56 . . . .

RECOGNITION OF CURRENT AND DEFERRED TAX

. . . .

57 . . . .

57A . . . .

Items recognised in profit or loss

. . . .

58 Current and deferred tax shall be recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

. . . .

59 Most deferred tax liabilities and deferred tax assets arise where income or expense is included in accounting profit in one period, but is included in taxable profit (tax loss) in a different period. The resulting deferred tax is recognised in profit or loss. Examples are when:

. . . .

60 The carrying amount of deferred tax assets and liabilities may change even though there is no change in the amount of the related temporary differences. This can result, for example, from:

. . . .

Items recognised outside profit or loss

. . . .

61 . . . .

61A Current tax and deferred tax shall be recognised outside profit or loss if the tax relates to items that are recognised, in the same or a different period, outside profit or loss. Therefore, current tax and deferred tax that relates to items that are recognised, in the same or a different period:

. . . .

62 International Financial Reporting Standards require or permit particular items to be recognised in other comprehensive income. Examples of such items are:

. . . .

62A International Financial Reporting Standards require or permit particular items to be credited or charged directly to equity. Examples of such items are:

. . . .

63 In exceptional circumstances it may be difficult to determine the amount of current and deferred tax that relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity). This may be the case, for example, when:

. . . .

64 . . . .

65 . . . .

65A . . . .

Deferred tax arising from a business combination

. . . .

66 . . . .

67 . . . .

68 The potential benefit of the acquiree's income tax loss carryforwards or other deferred tax assets might not satisfy the criteria for separate recognition when a business combination is initially accounted for but might be realised subsequently.

. . . .

Example

. . . .

Current and deferred tax arising from share-based payment transactions

. . . .

68A . . . .

68B . . . .

68C . . . .

PRESENTATION

. . . .

Tax assets and tax liabilities

. . . .

69 . . . .

70 . . . .

Offset

. . . .

71 An entity shall offset current tax assets and current tax liabilities if, and only if, the entity:

. . . .

72 . . . .

73 . . . .

74 An entity shall offset deferred tax assets and deferred tax liabilities if, and only if:

. . . .

75 . . . .

76 . . . .

Tax expense

. . . .

Tax expense (income) related to profit or loss from ordinary activities

. . . .

77 . . . .

77A . . . .

Exchange differences on deferred foreign tax liabilities or assets

. . . .

78 . . . .

DISCLOSURE

. . . .

79 . . . .

80 Components of tax expense (income) may include:

. . . .

81 The following shall also be disclosed separately:

. . . .

82 An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

. . . .

82A . . . .

83 . . . .

84 . . . .

85 . . . .

Example illustrating paragraph 85

. . . .

86 . . . .

87 . . . .

87A . . . .

87B . . . .

87C . . . .

88 . . . .

EFFECTIVE DATE

. . . .

89 . . . .

90 . . . .

91 . . . .

92 . . . .

93 . . . .

94 . . . .

95 . . . .

98 . . . .

98A . . . .

98B . . . .

98C . . . .

98E . . . .

98G . . . .

98F . . . .

98G . . . .

98I . . . .

WITHDRAWAL OF SIC-21

. . . .

99 . . . .

INTERNATIONAL ACCOUNTING STANDARD 16

Property, plant and equipment

OBJECTIVE

. . . .

1 . . . .

SCOPE

. . . .

2 . . . .

3 This Standard does not apply to:

. . . .

4 . . . .

5 . . . .

DEFINITIONS

. . . .

6 **The following terms are used in this Standard with the meanings specified:**

. . . .

RECOGNITION

. . . .

7 The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

. . . .

8 . . . .

9 . . . .

10 . . . .

Initial costs

. . . .

11 . . . .

Subsequent costs

. . . .

12 . . . .

13 . . . .

14 . . . .

MEASUREMENT AT RECOGNITION

. . . .

15 . . . .

Elements of cost

. . . .

16 The cost of an item of property, plant and equipment comprises:

. . . .

17 Examples of directly attributable costs are:

. . . .

18 . . . .

19 Examples of costs that are not costs of an item of property, plant and equipment are:

. . . .

20 Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management. Therefore, costs incurred in using or redeploying an item are not included in the carrying amount of that item. For example, the following costs are not included in the carrying amount of an item of property, plant and equipment:

. . . .

21 . . . .

22 . . . .

22A . . . .

Measurement of cost

. . . .

23 . . . .

24 . . . .

25 An entity determines whether an exchange transaction has commercial substance by considering the extent to which its future cash flows are expected to change as a result of the transaction. An exchange transaction has commercial substance if:

. . . .

26 . . . .

27 . . . .

28 . . . .

MEASUREMENT AFTER RECOGNITION

. . . .

29 . . . .

Cost model

. . . .

30 . . . .

Revaluation model

. . . .

31 . . . .

32 . . . .

33 . . . .

34 . . . .

35 When an item of property, plant and equipment is revalued, the carrying amount of that asset is adjusted to the revalued amount. At the date of the revaluation, the asset is treated in one of the following ways:

. . . .

36 . . . .

37 A class of property, plant and equipment is a grouping of assets of a similar nature and use in an entity's operations. The following are examples of separate classes:

. . . .

38 . . . .

39 . . . .

40 . . . .

41 . . . .

42 . . . .

Depreciation

. . . .

43 . . . .

44 . . . .

45 . . . .

46 . . . .

47 . . . .

48 . . . .

49 . . . .

Depreciable amount and depreciation period

. . . .

50 . . . .

51 . . . .

52 . . . .

53 . . . .

54 . . . .

55 . . . .

56 The future economic benefits embodied in an asset are consumed by an entity principally through its use. However, other factors, such as technical or commercial obsolescence and wear and tear while an asset remains idle, often result in the diminution of the economic benefits that might have been obtained from the asset. Consequently, all the following factors are considered in determining the useful life of an asset:

. . . .

57 . . . .

58 . . . .

59 . . . .

Depreciation method

. . . .

60 . . . .

61 . . . .

62 . . . .

62A . . . .

Impairment

. . . .

63 . . . .

64 . . . .

Compensation for impairment

. . . .

65 . . . .

66 Impairments or losses of items of property, plant and equipment, related claims for or payments of compensation from third parties and any subsequent purchase or construction of replacement assets are separate economic events and are accounted for separately as follows:

. . . .

DERECOGNITION

. . . .

67 The carrying amount of an item of property, plant and equipment shall be derecognised:

. . . .

68 . . . .

68A . . . .

69 . . . .

70 . . . .

71 . . . .

72 . . . .

DISCLOSURE

. . . .

73 The financial statements shall disclose, for each class of property, plant and equipment:

. . . .

74 The financial statements shall also disclose:

. . . .

75 Selection of the depreciation method and estimation of the useful life of assets are matters of judgement. Therefore, disclosure of the methods adopted and the estimated useful lives or depreciation rates provides users of financial statements with information that allows them to review the policies selected by management and enables comparisons to be made with other entities. For similar reasons, it is necessary to disclose:

. . . .

76 In accordance with IAS 8 an entity discloses the nature and effect of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in subsequent periods. For property, plant and equipment, such disclosure may arise from changes in estimates with respect to:

. . . .

77 **If items of property, plant and equipment are stated at revalued amounts, the following shall be disclosed in addition to the disclosures required by IFRS 13:**

. . . .

78 . . . .

79 Users of financial statements may also find the following information relevant to their needs:

. . . .

TRANSITIONAL PROVISIONS

. . . .

80 . . . .

80A . . . .

EFFECTIVE DATE

. . . .

81 . . . .

81A . . . .

81B . . . .

81C . . . .

81D . . . .

81E . . . .

81F . . . .

81G . . . .

81H . . . .

81I . . . .

81J . . . .

81K . . . .

81L . . . .

81M . . . .

WITHDRAWAL OF OTHER PRONOUNCEMENTS

. . . .

82 . . . .

83 This standard supersedes the following interpretations:

. . . .

INTERNATIONAL ACCOUNTING STANDARD 17

Leases

OBJECTIVE

. . . .

1 . . . .

SCOPE

. . . .

2 This standard shall be applied in accounting for all leases other than:

. . . .

3 . . . .

DEFINITIONS

. . . .

4 The following terms are used in this standard with the meanings specified:

. . . .

5 . . . .

6 . . . .

6A . . . .

CLASSIFICATION OF LEASES

. . . .

7 . . . .

8 . . . .

9 . . . .

10 Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. Examples of situations that individually or in combination would normally lead to a lease being classified as a finance lease are:

. . . .

11 Indicators of situations that individually or in combination could also lead to a lease being classified as a finance lease are:

. . . .

12 . . . .

13 . . . .

14 . . . .

15 . . . .

15A . . . .

16 . . . .

17 . . . .

18 . . . .

19 In accordance with IAS 40, it is possible for a lessee to classify a property interest held under an operating lease as an investment property. If it does, the property interest is accounted for as if it were a finance lease and, in addition, the fair value model is used for the asset recognised. The lessee shall continue to account for the lease as a finance lease, even if a subsequent event changes the nature of the lessee's property interest so that it is no longer classified as investment property. This will be the case if, for example, the lessee:

. . . .

LEASES IN THE FINANCIAL STATEMENTS OF LESSEES

. . . .

Finance leases

. . . .

Initial recognition

. . . .

20 . . . .

21 . . . .

22 . . . .

23 . . . .

24 . . . .

Subsequent measurement

. . . .

25 . . . .

26 . . . .

27 . . . .

28 . . . .

29 . . . .

30 . . . .

31 Lessees shall, in addition to meeting the requirements of IFRS 7 *Financial instruments: disclosures*, make the following disclosures for finance leases:

. . . .

32 . . . .

Operating leases

. . . .

33 . . . .

34 . . . .

35 Lessees shall, in addition to meeting the requirements of IFRS 7, make the following disclosures for operating leases:

. . . .

LEASES IN THE FINANCIAL STATEMENTS OF LESSORS

. . . .

Finance leases

. . . .

Initial recognition

. . . .

36 . . . .

37 . . . .

38 . . . .

Subsequent measurement

. . . .

39 . . . .

40 . . . .

41 . . . .

41A . . . .

42 . . . .

43 Manufacturers or dealers often offer to customers the choice of either buying or leasing an asset. A finance lease of an asset by a manufacturer or dealer lessor gives rise to two types of income:

. . . .

44 . . . .

45 . . . .

46 . . . .

47 Lessors shall, in addition to meeting the requirements in IFRS 7, disclose the following for finance leases:

. . . .

48 . . . .

Operating leases

. . . .

49 . . . .

50 . . . .

51 . . . .

52 . . . .

53 . . . .

54 . . . .

55 . . . .

56 Lessors shall, in addition to meeting the requirements of IFRS 7, disclose the following for operating leases:

. . . .

57 . . . .

SALE AND LEASEBACK TRANSACTIONS

. . . .

58 . . . .

59 . . . .

60 . . . .

61 . . . .

62 . . . .

63 . . . .

64 . . . .

65 . . . .

66 . . . .

TRANSITIONAL PROVISIONS

. . . .

67 . . . .

68 . . . .

68A **An entity shall reassess the classification of land elements of unexpired leases at the date it adopts the amendments referred to in paragraph 69A on the basis of information existing at the inception of those leases. It shall recognise a lease newly classified as a finance lease retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* . However, if an entity does not have the information necessary to apply the amendments retrospectively, it shall:**

. . . .

EFFECTIVE DATE

. . . .

69 . . . .

69A . . . .

WITHDRAWAL OF IAS 17 (REVISED 1997)

. . . .

70 . . . .

INTERNATIONAL ACCOUNTING STANDARD 18

Revenue

OBJECTIVE

. . . .

SCOPE

. . . .

1 This standard shall be applied in accounting for revenue arising from the following transactions and events:

. . . .

2 . . . .

3 . . . .

4 . . . .

5 The use by others of entity assets gives rise to revenue in the form of:

. . . .

6 This standard does not deal with revenue arising from:

. . . .

DEFINITIONS

. . . .

7 The following terms are used in this standard with the meanings specified:

. . . .

8 . . . .

MEASUREMENT OF REVENUE

. . . .

9 . . . .

10 . . . .

11 In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. For example, an entity may provide interest free credit to the buyer or accept a note receivable bearing a below-market interest rate from the buyer as consideration for the sale of goods. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

. . . .

12 . . . .

IDENTIFICATION OF THE TRANSACTION

. . . .

13 . . . .

SALE OF GOODS

. . . .

14 Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

. . . .

15 . . . .

16 If the entity retains significant risks of ownership, the transaction is not a sale and revenue is not recognised. An entity may retain a significant risk of ownership in a number of ways. Examples of situations in which the entity may retain the significant risks and rewards of ownership are:

. . . .

17 . . . .

18 . . . .

19 . . . .

RENDERING OF SERVICES

. . . .

20 When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

. . . .

21 . . . .

22 . . . .

23 An entity is generally able to make reliable estimates after it has agreed to the following with the other parties to the transaction:

. . . .

24 The stage of completion of a transaction may be determined by a variety of methods. An entity uses the method that measures reliably the services performed. Depending on the nature of the transaction, the methods may include:

. . . .

25 . . . .

26 . . . .

27 . . . .

28 . . . .

INTEREST, ROYALTIES AND DIVIDENDS

. . . .

29 Revenue arising from the use by others of entity assets yielding interest, royalties and dividends shall be recognised on the bases set out in paragraph 30 when:

. . . .

30 Revenue shall be recognised on the following bases:

. . . .

31 . . . .

32 . . . .

33 . . . .

34 . . . .

DISCLOSURE

. . . .

35 An entity shall disclose:

. . . .

36 . . . .

EFFECTIVE DATE

. . . .

37 . . . .

38 . . . .

41 . . . .

42 . . . .

INTERNATIONAL ACCOUNTING STANDARD 19

Employee Benefits

OBJECTIVE

. . . .

1 The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. The Standard requires an entity to recognise:

. . . .

SCOPE

. . . .

2 . . . .

3 . . . .

4 The employee benefits to which this Standard applies include those provided:

. . . .

5 Employee benefits include:

. . . .

6 . . . .

7 . . . .

DEFINITIONS

. . . .

8 The following terms are used in this Standard with the meanings specified:

. . . .

SHORT-TERM EMPLOYEE BENEFITS

. . . .

9 Short-term employee benefits include items such as the following, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services:

. . . .

10 . . . .

Recognition and measurement

. . . .

All short-term employee benefits

. . . .

11 When an employee has rendered service to an entity during an accounting period, the entity shall recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

. . . .

12 . . . .

Short-term paid absences

. . . .

13 An entity shall recognise the expected cost of short-term employee benefits in the form of paid absences under paragraph 11 as follows:

. . . .

14 An entity may pay employees for absence for various reasons including holidays, sickness and short-term disability, maternity or paternity, jury service and military service. Entitlement to paid absences falls into two categories:

. . . .

15 . . . .

16 . . . .

17 The method specified in the previous paragraph measures the obligation at the amount of the additional payments that are expected to arise solely from the fact that the benefit accumulates. In many cases, an entity may not need to make detailed computations to estimate that there is no material obligation for unused paid absences. For example, a sick leave obligation is likely to be material only if there is a formal or informal understanding that unused paid sick leave may be taken as paid annual leave.

. . . .

Example illustrating paragraphs 16 and 17

. . . .

18 . . . .

Profit-sharing and bonus plans

. . . .

19 An entity shall recognise the expected cost of profit-sharing and bonus payments under paragraph 11 when, and only when:

. . . .

20 Under some profit-sharing plans, employees receive a share of the profit only if they remain with the entity for a specified period. Such plans create a constructive obligation as employees render service that increases the amount to be paid if they remain in service until the end of the specified period. The measurement of such constructive obligations reflects the possibility that some employees may leave without receiving profit-sharing payments.

. . . .

Example illustrating paragraph 20

. . . .

21 . . . .

22 An entity can make a reliable estimate of its legal or constructive obligation under a profit-sharing or bonus plan when, and only when:

. . . .

23 . . . .

24 . . . .

Disclosure

. . . .

25 . . . .

POST-EMPLOYMENT BENEFITS: DISTINCTION BETWEEN DEFINED CONTRIBUTION PLANS AND DEFINED BENEFIT PLANS

. . . .

26 Post-employment benefits include items such as the following:

. . . .

27 . . . .

28 . . . .

29 Examples of cases where an entity's obligation is not limited to the amount that it agrees to contribute to the fund are when the entity has a legal or constructive obligation through:

. . . .

30 Under defined benefit plans:

. . . .

31 . . . .

Multi-employer plans

. . . .

32 . . . .

33 If an entity participates in a multi-employer defined benefit plan, unless paragraph 34 applies, it shall:

. . . .

34 When sufficient information is not available to use defined benefit accounting for a multi-employer defined benefit plan, an entity shall:

. . . .

35 One example of a multi-employer defined benefit plan is one where:

. . . .

36 Where sufficient information is available about a multi-employer defined benefit plan, an entity accounts for its proportionate share of the defined benefit obligation, plan assets and post-employment cost associated with the plan in the same way as for any

other defined benefit plan. However, an entity may not be able to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes. This may occur if:

. . . .

37 There may be a contractual agreement between the multi-employer plan and its participants that determines how the surplus in the plan will be distributed to the participants (or the deficit funded). A participant in a multi-employer plan with such an agreement that accounts for the plan as a defined contribution plan in accordance with paragraph 34 shall recognise the asset or liability that arises from the contractual agreement and the resulting income or expense in profit or loss.

. . . .

Example illustrating paragraph 37

. . . .

38 . . . .

39 . . . .

Defined benefit plans that share risks between entities under common control

. . . .

40 . . . .

41 . . . .

42 . . . .

State plans

. . . .

43 . . . .

44 . . . .

45 . . . .

Insured benefits

. . . .

46 An entity may pay insurance premiums to fund a post-employment benefit plan. The entity shall treat such a plan as a defined contribution plan unless the entity will have (either directly, or indirectly through the plan) a legal or constructive obligation either:

. . . .

47 . . . .

48 Where an entity funds a post-employment benefit obligation by contributing to an insurance policy under which the entity (either directly, indirectly through the plan, through the mechanism for setting future premiums or through a related party relationship with the insurer) retains a legal or constructive obligation, the payment of the premiums does not amount to a defined contribution arrangement. It follows that the entity:

. . . .

49 . . . .

POST-EMPLOYMENT BENEFITS: DEFINED CONTRIBUTION PLANS

. . . .

50 . . . .

Recognition and measurement

. . . .

51 When an employee has rendered service to an entity during a period, the entity shall recognise the contribution payable to a defined contribution plan in exchange for that service:

. . . .

52 . . . .

Disclosure

. . . .

53 . . . .

54 . . . .

POST-EMPLOYMENT BENEFITS: DEFINED BENEFIT PLANS

. . . .

55 . . . .

Recognition and measurement

. . . .

56 . . . .

57 Accounting by an entity for defined benefit plans involves the following steps:

. . . .

58 . . . .

59 . . . .

60 . . . .

Accounting for the constructive obligation

. . . .

61 . . . .

62 . . . .

Statement of financial position

. . . .

63 . . . .

64 When an entity has a surplus in a defined benefit plan, it shall measure the net defined benefit asset at the lower of:

. . . .

65 A net defined benefit asset may arise where a defined benefit plan has been overfunded or where actuarial gains have arisen. An entity recognises a net defined benefit asset in such cases because:

. . . .

Recognition and measurement: present value of defined benefit obligations and current service cost

. . . .

66 The ultimate cost of a defined benefit plan may be influenced by many variables, such as final salaries, employee turnover and mortality, employee contributions and medical cost trends. The ultimate cost of the plan is uncertain and this uncertainty is likely to persist over a long period of time. In order to measure the present value of the post-employment benefit obligations and the related current service cost, it is necessary:

. . . .

Actuarial valuation method

. . . .

67 . . . .

68 The projected unit credit method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement (see paragraphs 70–74) and measures each unit separately to build up the final obligation (see paragraphs 75–98).

. . . .

Example illustrating paragraph 68

. . . .

Note :

. . . .

1 . . . .

2 . . . .

3 . . . .

69 . . . .

Attributing benefit to periods of service

. . . .

70 In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

. . . .

71 The projected unit credit method requires an entity to attribute benefit to the current period (in order to determine current service cost) and the current and prior periods (in order to determine the present value of defined benefit obligations). An entity attributes benefit to periods in which the obligation to provide post-employment benefits arises. That obligation arises as employees render services in return for post-employment benefits that an entity expects to pay in future reporting periods. Actuarial techniques allow an entity to measure that obligation with sufficient reliability to justify recognition of a liability.

. . . .

Examples illustrating paragraph 71

. . . .

1 A defined benefit plan provides a lump sum benefit of CU100 payable on retirement for each year of service.

. . . .

2 A plan provides a monthly pension of 0,2 per cent of final salary for each year of service. The pension is payable from the age of 65.

. . . .

72 Employee service gives rise to an obligation under a defined benefit plan even if the benefits are conditional on future employment (in other words they are not vested). Employee service before the vesting date gives rise to a constructive obligation because, at the end of each successive reporting period, the amount of future service that an employee will have to render before becoming entitled to the benefit is reduced. In measuring its defined benefit obligation, an entity considers the probability that some employees may not satisfy any vesting requirements. Similarly, although some post-employment benefits, for example, post-employment medical benefits, become payable only if a specified event occurs when an employee is no longer employed, an obligation is created when the employee renders service that will provide entitlement to the benefit if the specified event occurs. The probability that the specified event will occur affects the measurement of the obligation, but does not determine whether the obligation exists.

. . . .

Examples illustrating paragraph 72

. . . .

1 A plan pays a benefit of CU100 for each year of service. The benefits vest after ten years of service.

. . . .

2 A plan pays a benefit of CU100 for each year of service, excluding service before the age of 25. The benefits vest immediately.

. . . .

73 The obligation increases until the date when further service by the employee will lead to no material amount of further benefits. Therefore, all benefit is attributed to periods ending on or before that date. Benefit is attributed to individual accounting periods under the plan's benefit formula. However, if an employee's service in later years will

lead to a materially higher level of benefit than in earlier years, an entity attributes benefit on a straight-line basis until the date when further service by the employee will lead to no material amount of further benefits. That is because the employee's service throughout the entire period will ultimately lead to benefit at that higher level.

. . . .

Examples illustrating paragraph 73

. . . .

1 A plan pays a lump sum benefit of CU1,000 that vests after ten years of service. The plan provides no further benefit for subsequent service.

. . . .

2 A plan pays a lump sum retirement benefit of CU2,000 to all employees who are still employed at the age of 55 after twenty years of service, or who are still employed at the age of 65, regardless of their length of service.

. . . .

3 A post-employment medical plan reimburses 40 per cent of an employee's post-employment medical costs if the employee leaves after more than ten and less than twenty years of service and 50 per cent of those costs if the employee leaves after twenty or more years of service.

. . . .

4 A post-employment medical plan reimburses 10 per cent of an employee's post-employment medical costs if the employee leaves after more than ten and less than twenty years of service and 50 per cent of those costs if the employee leaves after twenty or more years of service.

. . . .

74 Where the amount of a benefit is a constant proportion of final salary for each year of service, future salary increases will affect the amount required to settle the obligation that exists for service before the end of the reporting period, but do not create an additional obligation. Therefore:

. . . .

Example illustrating paragraph 74

. . . .

Actuarial assumptions

. . . .

75 . . . .

76 Actuarial assumptions are an entity's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits. Actuarial assumptions comprise:

. . . .

77 . . . .

78 . . . .

79 . . . .

80 . . . .

Actuarial assumptions: mortality

. . . .

81 . . . .

82 . . . .

Actuarial assumptions: discount rate

. . . .

83 . . . .

84 . . . .

85 . . . .

86 . . . .

Actuarial assumptions: salaries, benefits and medical costs

. . . .

87 An entity shall measure its defined benefit obligations on a basis that reflects:

. . . .

88 Actuarial assumptions reflect future benefit changes that are set out in the formal terms of a plan (or a constructive obligation that goes beyond those terms) at the end of the reporting period. This is the case if, for example:

. . . .

89 Actuarial assumptions do not reflect future benefit changes that are not set out in the formal terms of the plan (or a constructive obligation) at the end of the reporting period. Such changes will result in:

. . . .

90 . . . .

91 Some defined benefit plans limit the contributions that an entity is required to pay. The ultimate cost of the benefits takes account of the effect of a limit on contributions. The effect of a limit on contributions is determined over the shorter of:

. . . .

92 . . . .

93 Contributions from employees or third parties set out in the formal terms of the plan either reduce service cost (if they are linked to service), or affect remeasurements of the net defined benefit liability (asset) (if they are not linked to service). An example of contributions that are not linked to service is when (the contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses). If contributions from employees or third parties are linked to service, those contributions reduce the service cost as follows:

. . . .

94 For contributions from employees or third parties that are attributed to periods of service in accordance with paragraph 93(a), changes in the contributions result in:

. . . .

95 . . . .

96 . . . .

97 . . . .

98 . . . .

Past service cost and gains and losses on settlement

. . . .

99 **When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions, (including current market interest rates and other current market prices), reflecting:**

. . . .

100 . . . .

101 . . . .

101A . . . .

Past service cost

. . . .

102 . . . .

103 An entity shall recognise past service cost as an expense at the earlier of the following dates:

. . . .

104 . . . .

105 . . . .

106 . . . .

107 . . . .

108 Past service cost excludes:

. . . .

Gains and losses on settlement

. . . .

109 The gain or loss on a settlement is the difference between:

. . . .

110 . . . .

111 . . . .

112 . . . .

Recognition and measurement: plan assets

. . . .

Fair value of plan assets

. . . .

113 . . . .

114 . . . .

115 . . . .

Reimbursements

. . . .

116 When, and only when, it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, an entity shall:

. . . .

117 . . . .

118 . . . .

119 . . . .

Components of defined benefit cost

. . . .

120 **An entity shall recognise the components of defined benefit cost, except to the extent that another IFRS requires or permits their inclusion in the cost of an asset, as follows:**

. . . .

121 . . . .

122 . . . .

Current service cost

. . . .

122A . . . .

Net interest on the net defined benefit liability (asset)

. . . .

123 . . . .

123A **To determine net interest in accordance with paragraph 123, an entity shall use the net defined benefit liability (asset) and the discount rate determined at the start of the annual reporting period. However, if an entity remeasures the net defined benefit liability (asset) in accordance with paragraph 99, the entity shall determine net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using:**

. . . .

124 . . . .

125 . . . .

126 . . . .

Remeasurements of the net defined benefit liability (asset)

. . . .

127 Remeasurements of the net defined benefit liability (asset) comprise:

. . . .

128 Actuarial gains and losses result from increases or decreases in the present value of the defined benefit obligation because of changes in actuarial assumptions and experience adjustments. Causes of actuarial gains and losses include, for example:

. . . .

129 . . . .

130 . . . .

Presentation

. . . .

Offset

. . . .

131 An entity shall offset an asset relating to one plan against a liability relating to another plan when, and only when, the entity:

. . . .

132 . . . .

Current/non-current distinction

. . . .

133 . . . .

Components of defined benefit cost

. . . .

134 . . . .

Disclosure

. . . .

135 An entity shall disclose information that:

. . . .

136 To meet the objectives in paragraph 135, an entity shall consider all the following:

. . . .

137 If the disclosures provided in accordance with the requirements in this Standard and other IFRSs are insufficient to meet the objectives in paragraph 135, an entity shall

disclose additional information necessary to meet those objectives. For example, an entity may present an analysis of the present value of the defined benefit obligation that distinguishes the nature, characteristics and risks of the obligation. Such a disclosure could distinguish:

. . . .

138 An entity shall assess whether all or some disclosures should be disaggregated to distinguish plans or groups of plans with materially different risks. For example, an entity may disaggregate disclosure about plans showing one or more of the following features:

. . . .

Characteristics of defined benefit plans and risks associated with them

. . . .

139 An entity shall disclose:

. . . .

Explanation of amounts in the financial statements

. . . .

140 An entity shall provide a reconciliation from the opening balance to the closing balance for each of the following, if applicable:

. . . .

141 Each reconciliation listed in paragraph 140 shall show each of the following, if applicable:

. . . .

142 An entity shall disaggregate the fair value of the plan assets into classes that distinguish the nature and risks of those assets, subdividing each class of plan asset into those that have a quoted market price in an active market (as defined in IFRS 13 *Fair Value Measurement*) and those that do not. For example, and considering the level of disclosure discussed in paragraph 136, an entity could distinguish between:

. . . .

143 . . . .

144 . . . .

Amount, timing and uncertainty of future cash flows

. . . .

145 An entity shall disclose:

. . . .

146 . . . .

147 To provide an indication of the effect of the defined benefit plan on the entity's future cash flows, an entity shall disclose:

. . . .

Multi-employer plans

. . . .

148 If an entity participates in a multi-employer defined benefit plan, it shall disclose:

. . . .

Defined benefit plans that share risks between entities under common control

. . . .

149 If an entity participates in a defined benefit plan that shares risks between entities under common control, it shall disclose:

. . . .

150 The information required by paragraph 149(c) and (d) can be disclosed by cross-reference to disclosures in another group entity's financial statements if:

. . . .

Disclosure requirements in other IFRSs

. . . .

151 Where required by IAS 24 an entity discloses information about:

. . . .

152 . . . .

OTHER LONG-TERM EMPLOYEE BENEFITS

. . . .

153 Other long-term employee benefits include items such as the following, if not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service:

. . . .

154 . . . .

Recognition and measurement

. . . .

155 . . . .

156 **For other long-term employee benefits, an entity shall recognise the net total of the following amounts in profit or loss, except to the extent that another IFRS requires or permits their inclusion in the cost of an asset:**

. . . .

157 . . . .

Disclosure

. . . .

158 . . . .

TERMINATION BENEFITS

. . . .

159 . . . .

160 . . . .

161 The form of the employee benefit does not determine whether it is provided in exchange for service or in exchange for termination of the employee's employment. Termination benefits are typically lump sum payments, but sometimes also include:

. . . .

162 Indicators that an employee benefit is provided in exchange for services include the following:

. . . .

163 . . . .

164 . . . .

Recognition

. . . .

165 An entity shall recognise a liability and expense for termination benefits at the earlier of the following dates:

. . . .

166 For termination benefits payable as a result of an employee's decision to accept an offer of benefits in exchange for the termination of employment, the time when an entity can no longer withdraw the offer of termination benefits is the earlier of:

. . . .

167 For termination benefits payable as a result of an entity's decision to terminate an employee's employment, the entity can no longer withdraw the offer when the entity has communicated to the affected employees a plan of termination meeting all of the following criteria:

. . . .

168 . . . .

Measurement

. . . .

169 An entity shall measure termination benefits on initial recognition, and shall measure and recognise subsequent changes, in accordance with the nature of the employee benefit, provided that if the termination benefits are an enhancement to post-employment benefits, the entity shall apply the requirements for post-employment benefits. Otherwise:

. . . .

170 Because termination benefits are not provided in exchange for service, paragraphs 70–74 relating to the attribution of the benefit to periods of service are not relevant.

. . . .

Example illustrating paragraphs 159–170

. . . .

Background

. . . .

Termination benefits

. . . .

Benefits provided in exchange for service

. . . .

Disclosure

. . . .

171 . . . .

TRANSITION AND EFFECTIVE DATE

. . . .

172 . . . .

173 An entity shall apply this Standard retrospectively, in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* , except that:

. . . .

174 . . . .

175 . . . .

176 . . . .

177 . . . .

179 . . . .

Appendix A

Application Guidance

This appendix is an integral part of the IFRS. It describes the application of paragraphs 92–93 and has the same authority as the other parts of the IFRS.

A1 The accounting requirements for contributions from employees or third parties are illustrated in the diagram below.

. . . .

INTERNATIONAL ACCOUNTING STANDARD 20

Accounting for government grants and disclosure of government assistance

SCOPE

. . . .

1 . . . .

2 This standard does not deal with:

. . . .

DEFINITIONS

. . . .

3 The following terms are used in this standard with the meanings specified:

. . . .

4 . . . .

5 . . . .

6 . . . .

GOVERNMENT GRANTS

. . . .

7 Government grants, including non-monetary grants at fair value, shall not be recognised until there is reasonable assurance that:

. . . .

8 . . . .

9 . . . .

10 . . . .

10A . . . .

11 . . . .

12 . . . .

13 . . . .

14 Those in support of the capital approach argue as follows:

. . . .

15 Arguments in support of the income approach are as follows:

. . . .

16 . . . .

17 . . . .

18 . . . .

19 . . . .

20 . . . .

21 . . . .

22 . . . .

Non-monetary government grants

. . . .

23 . . . .

Presentation of grants related to assets

. . . .

24 . . . .

25 . . . .

26 . . . .

27 . . . .

28 . . . .

Presentation of grants related to income

. . . .

29 . . . .

29A . . . .

30 . . . .

31 . . . .

Repayment of government grants

. . . .

32 . . . .

33 . . . .

GOVERNMENT ASSISTANCE

. . . .

34 . . . .

35 . . . .

36 . . . .

37 . . . .

38 . . . .

DISCLOSURE

. . . .

39 The following matters shall be disclosed:

. . . .

TRANSITIONAL PROVISIONS

. . . .

40 An entity adopting the standard for the first time shall:

. . . .

EFFECTIVE DATE

. . . .

41 . . . .

42 . . . .

43 . . . .

45 . . . .

46 . . . .

48 . . . .

INTERNATIONAL ACCOUNTING STANDARD 21

The effects of changes in foreign exchange rates

OBJECTIVE

. . . .

1 . . . .

2 . . . .

SCOPE

. . . .

3 **This Standard shall be applied** :

. . . .

4 . . . .

5 . . . .

6 . . . .

7 . . . .

DEFINITIONS

. . . .

8 The following terms are used in this standard with the meanings specified:

. . . .

Elaboration on the definitions

. . . .

Functional currency

. . . .

9 The primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash. An entity considers the following factors in determining its functional currency:

. . . .

10 The following factors may also provide evidence of an entity's functional currency:

. . . .

11 The following additional factors are considered in determining the functional currency of a foreign operation, and whether its functional currency is the same as that of the reporting entity (the reporting entity, in this context, being the entity that has the foreign operation as its subsidiary, branch, associate or joint arrangement):

. . . .

12 . . . .

13 . . . .

14 . . . .

Net investment in a foreign operation

. . . .

15 . . . .

15A . . . .

Monetary items

. . . .

16 . . . .

SUMMARY OF THE APPROACH REQUIRED BY THIS STANDARD

. . . .

17 . . . .

18 . . . .

19 . . . .

REPORTING FOREIGN CURRENCY TRANSACTIONS IN THE FUNCTIONAL CURRENCY

. . . .

Initial recognition

. . . .

20 A foreign currency transaction is a transaction that is denominated or requires settlement in a foreign currency, including transactions arising when an entity:

. . . .

21 . . . .

22 . . . .

Reporting at the ends of subsequent reporting periods

. . . .

23 **At the end of each reporting period:**

. . . .

24 . . . .

25 The carrying amount of some items is determined by comparing two or more amounts. For example, the carrying amount of inventories is the lower of cost and net realisable value in accordance with IAS 2 *Inventories*. Similarly, in accordance with IAS 36 *Impairment of assets*, the carrying amount of an asset for which there is an indication of impairment is the lower of its carrying amount before considering possible impairment losses and its recoverable amount. When such an asset is non-monetary and is measured in a foreign currency, the carrying amount is determined by comparing:

. . . .

26 . . . .

Recognition of exchange differences

. . . .

27 . . . .

28 . . . .

29 . . . .

30 . . . .

31 . . . .

32 . . . .

33 . . . .

34 . . . .

Change in functional currency

. . . .

35 . . . .

36 . . . .

37 . . . .

USE OF A PRESENTATION CURRENCY OTHER THAN THE FUNCTIONAL CURRENCY

. . . .

Translation to the presentation currency

. . . .

38 . . . .

39 The results and financial position of an entity whose functional currency is not the currency of a hyperinflationary economy shall be translated into a different presentation currency using the following procedures:

. . . .

40 . . . .

41 The exchange differences referred to in paragraph 39(c) result from:

. . . .

42 The results and financial position of an entity whose functional currency is the currency of a hyperinflationary economy shall be translated into a different presentation currency using the following procedures:

. . . .

43 . . . .

Translation of a foreign operation

. . . .

44 . . . .

45 . . . .

46 . . . .

47 . . . .

Disposal or partial disposal of a foreign operation

. . . .

48 . . . .

48A In addition to the disposal of an entity's entire interest in a foreign operation, the following partial disposals are accounted for as disposals:

. . . .

48B . . . .

48C . . . .

48D . . . .

49 . . . .

TAX EFFECTS OF ALL EXCHANGE DIFFERENCES

. . . .

50 . . . .

DISCLOSURE

. . . .

51 . . . .

52 **An entity shall disclose:**

. . . .

53 . . . .

54 . . . .

55 . . . .

56 . . . .

57 When an entity displays its financial statements or other financial information in a currency that is different from either its functional currency or its presentation currency and the requirements of paragraph 55 are not met, it shall:

. . . .

EFFECTIVE DATE AND TRANSITION

. . . .

58 . . . .

58A . . . .

59 . . . .

60 . . . .

60A . . . .

60B . . . .

60D . . . .

60F . . . .

60G . . . .

60H . . . .

60J . . . .

60K . . . .

WITHDRAWAL OF OTHER PRONOUNCEMENTS

. . . .

61 . . . .

62 This standard supersedes the following interpretations:

. . . .

INTERNATIONAL ACCOUNTING STANDARD 23

Borrowing Costs

CORE PRINCIPLE

. . . .

1 . . . .

SCOPE

. . . .

2 . . . .

3 . . . .

4 An entity is not required to apply the Standard to borrowing costs directly attributable to the acquisition, construction or production of:

. . . .

DEFINITIONS

. . . .

5 This Standard uses the following terms with the meanings specified:

. . . .

6 Borrowing costs may include:

. . . .

7 Depending on the circumstances, any of the following may be qualifying assets:

. . . .

RECOGNITION

. . . .

8 . . . .

9 . . . .

Borrowing costs eligible for capitalisation

. . . .

10 . . . .

11 . . . .

12 . . . .

13 . . . .

14 . . . .

15 . . . .

Excess of the carrying amount of the qualifying asset over recoverable amount

. . . .

16 . . . .

Commencement of capitalisation

. . . .

17 An entity shall begin capitalising borrowing costs as part of the cost of a qualifying asset on the commencement date. The commencement date for capitalisation is the date when the entity first meets all of the following conditions:

. . . .

18 . . . .

19 . . . .

Suspension of capitalisation

. . . .

20 . . . .

21 . . . .

Cessation of capitalisation

. . . .

22 . . . .

23 . . . .

24 . . . .

25 . . . .

DISCLOSURE

. . . .

26 An entity shall disclose:

. . . .

TRANSITIONAL PROVISIONS

. . . .

27 . . . .

28 . . . .

28A . . . .

EFFECTIVE DATE

. . . .

29 . . . .

29A . . . .

29B . . . .

29C . . . .

29D . . . .

WITHDRAWAL OF IAS 23 (REVISED 1993)

. . . .

30 . . . .

INTERNATIONAL ACCOUNTING STANDARD 24

Related party disclosures

OBJECTIVE

. . . .

1 . . . .

SCOPE

. . . .

2 **This Standard shall be applied in:**

. . . .

3 . . . .

4 . . . .

PURPOSE OF RELATED PARTY DISCLOSURES

. . . .

5 . . . .

6 . . . .

7 . . . .

8 . . . .

DEFINITIONS

. . . .

9 **The following terms are used in this Standard with the meanings specified:**

. . . .

10 . . . .

11 In the context of this Standard, the following are not related parties:

. . . .

12 . . . .

DISCLOSURES

. . . .

All entities

. . . .

13 . . . .

14 . . . .

15 . . . .

16 . . . .

17 **An entity shall disclose key management personnel compensation in total and for each of the following categories:**

. . . .

17A . . . .

18 **If an entity has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. These disclosure requirements are in addition to those in paragraph 17. At a minimum, disclosures shall include:**

. . . .

18A . . . .

19 **The disclosures required by paragraph 18 shall be made separately for each of the following categories:**

. . . .

20 . . . .

21 The following are examples of transactions that are disclosed if they are with a related party:

. . . .

22 . . . .

23 . . . .

24 . . . .

Government-related entities

. . . .

25 **A reporting entity is exempt from the disclosure requirements of paragraph 18 in relation to related party transactions and outstanding balances, including commitments, with:**

. . . .

26 **If a reporting entity applies the exemption in paragraph 25, it shall disclose the following about the transactions and related outstanding balances referred to in paragraph 25:**

. . . .

27 In using its judgement to determine the level of detail to be disclosed in accordance with the requirements in paragraph 26(b), the reporting entity shall consider the closeness of the related party relationship and other factors relevant in establishing the level of significance of the transaction such as whether it is:

. . . .

EFFECTIVE DATE AND TRANSITION

. . . .

28 . . . .

28A . . . .

28B . . . .

28C . . . .

WITHDRAWAL OF IAS 24 (2003)

. . . .

29 . . . .

INTERNATIONAL ACCOUNTING STANDARD 26

Accounting and reporting by retirement benefit plans

SCOPE

. . . .

1 . . . .

2 . . . .

3 . . . .

4 . . . .

5 . . . .

6 . . . .

7 . . . .

DEFINITIONS

. . . .

8 The following terms are used in this standard with the meanings specified:

. . . .

9 . . . .

10 . . . .

11 . . . .

12 . . . .

DEFINED CONTRIBUTION PLANS

. . . .

13 . . . .

14 . . . .

15 . . . .

16 The objective of reporting by a defined contribution plan is periodically to provide information about the plan and the performance of its investments. That objective is usually achieved by providing financial statements, including the following:

. . . .

DEFINED BENEFIT PLANS

. . . .

17 The financial statements of a defined benefit plan shall contain either:

. . . .

18 . . . .

19 . . . .

20 . . . .

21 . . . .

22 The objective of reporting by a defined benefit plan is periodically to provide information about the financial resources and activities of the plan that is useful in assessing the relationships between the accumulation of resources and plan benefits over time. This objective is usually achieved by providing financial statements, including the following:

. . . .

Actuarial present value of promised retirement benefits

. . . .

23 . . . .

24 The reasons given for adopting a current salary approach include:

. . . .

25 Reasons given for adopting a projected salary approach include:

. . . .

26 . . . .

Frequency of actuarial valuations

. . . .

27 . . . .

Financial statement content

. . . .

28 For defined benefit plans, information is presented in one of the following formats which reflect different practices in the disclosure and presentation of actuarial information:

. . . .

29 . . . .

30 . . . .

31 . . . .

ALL PLANS

. . . .

Valuation of plan assets

. . . .

32 . . . .

33 . . . .

Disclosure

. . . .

34 The financial statements of a retirement benefit plan, whether defined benefit or defined contribution, shall also contain the following information:

. . . .

35 Financial statements provided by retirement benefit plans include the following, if applicable:

. . . .

36 The report of a retirement benefit plan contains a description of the plan, either as part of the financial statements or in a separate report. It may contain the following:

. . . .

EFFECTIVE DATE

. . . .

37 . . . .

INTERNATIONAL ACCOUNTING STANDARD 27

Separate Financial Statements

OBJECTIVE

. . . .

1 . . . .

SCOPE

. . . .

2 . . . .

3 . . . .

DEFINITIONS

. . . .

4 **The following terms are used in this Standard with the meanings specified:**

. . . .

5 The following terms are defined in Appendix A of IFRS 10 *Consolidated Financial Statements* , Appendix A of IFRS 11 *Joint Arrangements* and paragraph 3 of IAS 28:

. . . .

6 . . . .

7 . . . .

8 . . . .

8A . . . .

PREPARATION OF SEPARATE FINANCIAL STATEMENTS

. . . .

9 . . . .

10 **When an entity prepares separate financial statements, it shall account for investments in subsidiaries, joint ventures and associates either:**

. . . .

11 . . . .

11A . . . .

11B When a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred, as follows:

. . . .

12 . . . .

13 When a parent reorganises the structure of its group by establishing a new entity as its parent in a manner that satisfies the following criteria:

. . . .

14 . . . .

DISCLOSURE

. . . .

15 . . . .

16 **When a parent, in accordance with paragraph 4(a) of IFRS 10, elects not to prepare consolidated financial statements and instead prepares separate financial statements, it shall disclose in those separate financial statements:**

. . . .

16A . . . .

17 **When a parent (other than a parent covered by paragraphs 16–16A) or an investor with joint control of, or significant influence over, an investee prepares separate financial statements, the parent or investor shall identify the financial statements prepared in accordance with IFRS 10, IFRS 11 or IAS 28 (as amended in 2011) to which they relate. The parent or investor shall also disclose in its separate financial statements:**

. . . .

EFFECTIVE DATE AND TRANSITION

. . . .

18 . . . .

18A . . . .

18B . . . .

18C At the date of initial application, an investment entity that previously measured its investment in a subsidiary at cost shall instead measure that investment at fair value through profit or loss as if the requirements of this IFRS had always been effective. The investment entity shall adjust retrospectively the annual period immediately preceding the date of initial application and shall adjust retained earnings at the beginning of the immediately preceding period for any difference between:

. . . .

18D . . . .

18E . . . .

18F . . . .

18G If measuring the investment in the subsidiary in accordance with paragraphs 18C–18F is impracticable (as defined in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*), an investment entity shall apply the requirements of this IFRS at the beginning of the earliest period for which application of paragraphs 18C–18F is practicable, which may be the current period. The investor shall adjust retrospectively the annual period immediately preceding the date of initial application, unless the beginning of the earliest period for which application of this paragraph is practicable is the current period. When the date that it is practicable for the investment entity to measure the fair value of the subsidiary is earlier than the beginning of the immediately preceding period, the investor shall adjust equity at the beginning of the immediately preceding period for any difference between:

. . . .

18H . . . .

18I . . . .

18J . . . .

References to IFRS 9

. . . .

19 . . . .

WITHDRAWAL OF IAS 27 (2008)

. . . .

20 . . . .

INTERNATIONAL ACCOUNTING STANDARD 28

Investments in Associates and Joint Ventures

OBJECTIVE

. . . .

1 . . . .

SCOPE

. . . .

2 . . . .

DEFINITIONS

. . . .

3 **The following terms are used in this Standard with the meanings specified:**

. . . .

4 The following terms are defined in paragraph 4 of IAS 27 *Separate Financial Statements* and in Appendix A of IFRS 10 *Consolidated Financial Statements* and are used in this Standard with the meanings specified in the IFRSs in which they are defined:

. . . .

SIGNIFICANT INFLUENCE

. . . .

5 . . . .

6 The existence of significant influence by an entity is usually evidenced in one or more of the following ways:

. . . .

7 . . . .

8 . . . .

9 . . . .

EQUITY METHOD

. . . .

10 . . . .

11 . . . .

12 . . . .

13 . . . .

14 . . . .

14A . . . .

15 . . . .

APPLICATION OF THE EQUITY METHOD

. . . .

16 . . . .

Exemptions from applying the equity method

. . . .

17 An entity need not apply the equity method to its investment in an associate or a joint venture if the entity is a parent that is exempt from preparing consolidated financial statements by the scope exception in paragraph 4(a) of IFRS 10 or if all the following apply:

. . . .

18 . . . .

19 . . . .

Classification as held for sale

. . . .

20 . . . .

21 . . . .

Discontinuing the use of the equity method

. . . .

22 **An entity shall discontinue the use of the equity method from the date when its investment ceases to be an associate or a joint venture as follows:**

. . . .

23 . . . .

24 . . . .

Changes in ownership interest

. . . .

25 . . . .

Equity method procedures

. . . .

26 . . . .

27 . . . .

28 . . . .

29 . . . .

30 . . . .

31 . . . .

32 An investment is accounted for using the equity method from the date on which it becomes an associate or a joint venture. On acquisition of the investment, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

. . . .

33 . . . .

34 . . . .

35 . . . .

36 . . . .

36A . . . .

37 . . . .

38 . . . .

39 . . . .

Impairment losses

. . . .

40 . . . .

41 . . . .

41A The net investment in an associate or joint venture is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a ' loss event ') and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. It may not be possible to identify a single, discrete event that caused the impairment. Rather the combined effect of several events may have caused the impairment. Losses expected as a result of future events, no matter how likely, are not recognised. Objective evidence that the net investment is impaired includes observable data that comes to the attention of the entity about the following loss events:

. . . .

41B . . . .

41C . . . .

42 Because goodwill that forms part of the carrying amount of the net investment in an associate or a joint venture is not separately recognised, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets* . Instead, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount whenever application of paragraphs 41A–41C indicates that the net investment may be impaired. An impairment loss recognised in those circumstances is not allocated to any asset, including goodwill, that forms part of the carrying amount of the net investment in the associate or joint venture. Accordingly, any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the

recoverable amount of the net investment subsequently increases. In determining the value in use of the net investment, an entity estimates:

. . . .

43 . . . .

SEPARATE FINANCIAL STATEMENTS

. . . .

44 . . . .

EFFECTIVE DATE AND TRANSITION

. . . .

45 . . . .

45A . . . .

45B . . . .

45D . . . .

45E . . . .

45G . . . .

45H . . . .

45I . . . .

45J . . . .

45K If an entity does not restate prior periods applying paragraph 45I or paragraph 45J, at the date of initial application of the amendments it shall recognise in the opening retained earnings (or other component of equity, as appropriate) any difference between:

. . . .

References to IFRS 9

. . . .

46 . . . .

WITHDRAWAL OF IAS 28 (2003)

. . . .

47 . . . .

INTERNATIONAL ACCOUNTING STANDARD 29

Financial reporting in hyperinflationary economies

SCOPE

. . . .

1 . . . .

2 . . . .

3 This standard does not establish an absolute rate at which hyperinflation is deemed to arise. It is a matter of judgement when restatement of financial statements in accordance with this standard becomes necessary. Hyperinflation is indicated by characteristics of the economic environment of a country which include, but are not limited to, the following:

. . . .

4 . . . .

THE RESTATEMENT OF FINANCIAL STATEMENTS

. . . .

5 . . . .

6 . . . .

7 . . . .

8 . . . .

9 . . . .

10 . . . .

Historical cost financial statements

. . . .

Statement of financial position

. . . .

11 . . . .

12 . . . .

13 . . . .

14 . . . .

15 . . . .

16 . . . .

17 . . . .

18 . . . .

19 . . . .

20 . . . .

21 . . . .

22 . . . .

23 . . . .

24 . . . .

25 . . . .

Statement of comprehensive income

. . . .

26 . . . .

Gain or loss on net monetary position

. . . .

27 . . . .

28 . . . .

Current cost financial statements

. . . .

Statement of financial position

. . . .

29 . . . .

Statement of comprehensive income

. . . .

30 . . . .

Gain or loss on net monetary position

. . . .

31 . . . .

Taxes

. . . .

32 . . . .

Statement of cash flows

. . . .

33 . . . .

Corresponding figures

. . . .

34 . . . .

Consolidated financial statements

. . . .

35 . . . .

36 . . . .

Selection and use of the general price index

. . . .

37 . . . .

ECONOMIES CEASING TO BE HYPERINFLATIONARY

. . . .

38 . . . .

DISCLOSURES

. . . .

39 The following disclosures shall be made:

. . . .

40 . . . .

EFFECTIVE DATE

. . . .

41 . . . .

INTERNATIONAL ACCOUNTING STANDARD 31

Interests in joint ventures

SCOPE

. . . .

1 **This Standard shall be applied in accounting for interests in joint ventures and the reporting of joint venture assets, liabilities, income and expenses in the financial statements of venturers and investors, regardless of the structures or forms under which the joint venture activities take place. However, it does not apply to venturers' interests in jointly controlled entities held by:**

. . . .

2 A venturer with an interest in a jointly controlled entity is exempted from paragraphs 30 (proportionate consolidation) and 38 (equity method) when it meets the following conditions:

. . . .

DEFINITIONS

. . . .

3 The following terms are used in this standard with the meanings specified:

. . . .

4 . . . .

5 . . . .

6 . . . .

Forms of joint venture

. . . .

7 Joint ventures take many different forms and structures. This standard identifies three broad types — jointly controlled operations, jointly controlled assets and jointly controlled entities — that are commonly described as, and meet the definition of, joint ventures. The following characteristics are common to all joint ventures:

. . . .

Joint control

. . . .

8 . . . .

Contractual arrangement

. . . .

9 . . . .

10 The contractual arrangement may be evidenced in a number of ways, for example by a contract between the venturers or minutes of discussions between the venturers. In some cases, the arrangement is incorporated in the articles or other by-laws of the joint

venture. Whatever its form, the contractual arrangement is usually in writing and deals with such matters as:

. . . .

11 . . . .

12 . . . .

JOINTLY CONTROLLED OPERATIONS

. . . .

13 . . . .

14 . . . .

15 In respect of its interests in jointly controlled operations, a venturer shall recognise in its financial statements:

. . . .

16 . . . .

17 . . . .

JOINTLY CONTROLLED ASSETS

. . . .

18 . . . .

19 . . . .

20 . . . .

21 In respect of its interest in jointly controlled assets, a venturer shall recognise in its financial statements:

. . . .

22 In respect of its interest in jointly controlled assets, each venturer includes in its accounting records and recognises in its financial statements:

. . . .

23 . . . .

JOINTLY CONTROLLED ENTITIES

. . . .

24 . . . .

25 . . . .

26 . . . .

27 . . . .

28 . . . .

29 . . . .

Financial statements of a venturer

. . . .

Proportionate consolidation

. . . .

30 . . . .

31 . . . .

32 . . . .

33 . . . .

34 . . . .

35 . . . .

36 . . . .

37 . . . .

Equity method

. . . .

38 . . . .

39 . . . .

40 . . . .

41 . . . .

Exceptions to proportionate consolidation and equity method

. . . .

42 . . . .

43 . . . .

44 . . . .

45 When an investor ceases to have joint control over an entity, it shall account for any remaining investment in accordance with IAS 39 from that date, provided that the former jointly controlled entity does not become a subsidiary or associate. From the date when a jointly controlled entity becomes a subsidiary of an investor, the investor shall account for its interest in accordance with IAS 27 and IFRS 3 *Business Combinations* (as revised by the International Accounting Standards Board in 2008). From the date when a jointly controlled entity becomes an associate of an investor, the investor shall account for its interest in accordance with IAS 28. On the loss of joint control, the investor shall measure at fair value any investment the investor retains in the former jointly controlled entity. The investor shall recognise in profit or loss any difference between:

. . . .

45A . . . .

45B . . . .

Separate financial statements of a venturer

. . . .

46 . . . .

47 . . . .

TRANSACTIONS BETWEEN A VENTURER AND A JOINT VENTURE

. . . .

48 . . . .

49 . . . .

50 . . . .

REPORTING INTERESTS IN JOINT VENTURES IN THE FINANCIAL STATEMENTS OF AN INVESTOR

. . . .

51 . . . .

OPERATORS OF JOINT VENTURES

. . . .

52 . . . .

53 . . . .

DISCLOSURE

. . . .

54 A venturer shall disclose the aggregate amount of the following contingent liabilities, unless the probability of loss is remote, separately from the amount of other contingent liabilities:

. . . .

55 A venturer shall disclose the aggregate amount of the following commitments in respect of its interests in joint ventures separately from other commitments:

. . . .

56 . . . .

57 . . . .

EFFECTIVE DATE AND TRANSITION

. . . .

58 . . . .

58A . . . .

58B . . . .

58D . . . .

58F . . . .

WITHDRAWAL OF IAS 31 (REVISED 2000)

. . . .

59 . . . .

INTERNATIONAL ACCOUNTING STANDARD 32

Financial instruments: presentation

OBJECTIVE

. . . .

1 . . . .

2 . . . .

3 . . . .

SCOPE

. . . .

4 **This Standard shall be applied by all entities to all types of financial instruments except:**

. . . .

5-7 . . . .

8 . . . .

9 There are various ways in which a contract to buy or sell a non-financial item can be settled net in cash or another financial instrument or by exchanging financial instruments. These include:

. . . .

10 . . . .

DEFINITIONS (SEE ALSO PARAGRAPHS AG3-AG23)

. . . .

11 The following terms are used in this standard with the meanings specified:

. . . .

12 The following terms are defined in Appendix A of IFRS 9 or paragraph 9 of IAS 39 *Financial Instruments: Recognition and Measurement* and are used in this Standard with the meaning specified in IAS 39 and IFRS 9.

. . . .

13 . . . .

14 . . . .

PRESENTATION

. . . .

Liabilities and equity (see also paragraphs AG13-AG14J and AG25–AG29A)

. . . .

15 . . . .

16 When an issuer applies the definitions in paragraph 11 to determine whether a financial instrument is an equity instrument rather than a financial liability, the instrument is an equity instrument if, and only if, both conditions (a) and (b) below are met.

. . . .

Puttable instruments

. . . .

16A A puttable financial instrument includes a contractual obligation for the issuer to repurchase or redeem that instrument for cash or another financial asset on exercise of the put. As an exception to the definition of a financial liability, an instrument that includes such an obligation is classified as an equity instrument if it has all the following features:

. . . .

16B For an instrument to be classified as an equity instrument, in addition to the instrument having all the above features, the issuer must have no other financial instrument or contract that has:

. . . .

Instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation

. . . .

16C Some financial instruments include a contractual obligation for the issuing entity to deliver to another entity a pro rata share of its net assets only on liquidation. The obligation arises because liquidation either is certain to occur and outside the control of the entity (for example, a limited life entity) or is uncertain to occur but is at the option of the instrument holder. As an exception to the definition of a financial liability, an instrument that includes such an obligation is classified as an equity instrument if it has all the following features:

. . . .

16D For an instrument to be classified as an equity instrument, in addition to the instrument having all the above features, the issuer must have no other financial instrument or contract that has:

. . . .

Reclassification of puttable instruments and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation

. . . .

16E . . . .

16F An entity shall account as follows for the reclassification of an instrument in accordance with paragraph 16E:

. . . .

No contractual obligation to deliver cash or another financial asset (paragraph 16(a))

. . . .

17 . . . .

18 The substance of a financial instrument, rather than its legal form, governs its classification in the entity's statement of financial position. Substance and legal form are commonly consistent, but not always. Some financial instruments take the legal form of equity but are liabilities in substance and others may combine features associated with equity instruments and features associated with financial liabilities. For example:

. . . .

19 If an entity does not have an unconditional right to avoid delivering cash or another financial asset to settle a contractual obligation, the obligation meets the definition of a financial liability, except for those instruments classified as equity instruments in accordance with paragraphs 16A and 16B or paragraphs 16C and 16D. For example:

. . . .

20 A financial instrument that does not explicitly establish a contractual obligation to deliver cash or another financial asset may establish an obligation indirectly through its terms and conditions. For example:

. . . .

Settlement in the entity's own equity instruments (paragraph 16(b))

. . . .

21 . . . .

22 . . . .

22A . . . .

23 . . . .

24 . . . .

Contingent settlement provisions

. . . .

25 A financial instrument may require the entity to deliver cash or another financial asset, or otherwise to settle it in such a way that it would be a financial liability, in the event of the occurrence or non-occurrence of uncertain future events (or on the outcome of uncertain circumstances) that are beyond the control of both the issuer and the holder of the instrument, such as a change in a stock market index, consumer price index, interest rate or taxation requirements, or the issuer's future revenues, net income or debt-to-equity ratio. The issuer of such an instrument does not have the unconditional right to avoid delivering cash or another financial asset (or otherwise to settle it in such a way that it would be a financial liability). Therefore, it is a financial liability of the issuer unless:

. . . .

Settlement options

. . . .

26 . . . .

27 . . . .

Compound financial instruments (see also paragraphs AG30-AG35 and Illustrative Examples 9-12)

. . . .

28 . . . .

29 . . . .

30 . . . .

31 . . . .

32 . . . .

Treasury shares (see also paragraph AG36)

. . . .

33 . . . .

34 . . . .

Interest, dividends, losses and gains (see also paragraph AG37)

. . . .

35 . . . .

35A . . . .

36 . . . .

37 . . . .

38 . . . .

39 . . . .

40 . . . .

41 . . . .

Offsetting a financial asset and a financial liability (see also paragraphs AG38 and AG39)

. . . .

42 **A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:**

. . . .

43 . . . .

44 . . . .

45 . . . .

46 . . . .

47 . . . .

48 . . . .

49 The conditions set out in paragraph 42 are generally not satisfied and offsetting is usually inappropriate when:

. . . .

50 . . . .

DISCLOSURE

. . . .

51-95 . . . .

EFFECTIVE DATE AND TRANSITION

. . . .

96 . . . .

96A . . . .

96B . . . .

96C . . . .

97 . . . .

97A . . . .

97B . . . .

97C . . . .

97D . . . .

97E . . . .

97G . . . .

97I . . . .

97J . . . .

97K . . . .

97L . . . .

97M . . . .

97N . . . .

97Q . . . .

97R . . . .

97S . . . .

WITHDRAWAL OF OTHER PRONOUNCEMENTS

. . . .

98 . . . .

99 This standard supersedes the following interpretations:

. . . .

100 . . . .

Appendix

APPLICATION GUIDANCE

IAS 32 Financial instruments: presentation

. . . .

. . . .

AG1 . . . .

AG2 . . . .

DEFINITIONS (PARAGRAPHS 11-14)

. . . .

Financial assets and financial liabilities

. . . .

AG3 . . . .

AG4 Common examples of financial assets representing a contractual right to receive cash in the future and corresponding financial liabilities representing a contractual obligation to deliver cash in the future are:

. . . .

AG5 . . . .

AG6 . . . .

AG7 . . . .

AG8 . . . .

AG9 . . . .

AG10 . . . .

AG11 . . . .

AG12 . . . .

Equity instruments

. . . .

AG13 . . . .

AG14 . . . .

The class of instruments that is subordinate to all other classes (paragraphs 16A(b) and 16C(b))

. . . .

AG14A . . . .

AG14B . . . .

AG14C . . . .

AG14D . . . .

Total expected cash flows attributable to the instrument over the life of the instrument (paragraph 16A(e))

. . . .

AG14E . . . .

Transactions entered into by an instrument holder other than as owner of the entity (paragraphs 16A and 16C)

. . . .

AG14F . . . .

AG14G . . . .

AG14H . . . .

AG14I . . . .

No other financial instrument or contract with total cash flows that substantially fixes or restricts the residual return to the instrument holder (paragraphs 16B and 16D)

. . . .

AG14J A condition for classifying as equity a financial instrument that otherwise meets the criteria in paragraph 16A or paragraph 16C is that the entity has no other financial instrument or contract that has (a) total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the entity and (b) the effect of substantially restricting or fixing the residual return. The following instruments, when entered into on normal commercial terms with unrelated parties, are unlikely to prevent instruments that otherwise meet the criteria in paragraph 16A or paragraph 16C from being classified as equity:

. . . .

Derivative financial instruments

. . . .

AG15 . . . .

AG16 . . . .

AG17 . . . .

AG18 . . . .

AG19 . . . .

Contracts to buy or sell non-financial items (paragraphs 8-10)

. . . .

AG20 . . . .

AG21 . . . .

AG22 . . . .

AG23 . . . .

AG24 . . . .

PRESENTATION

. . . .

Liabilities and equity (paragraphs 15-27)

. . . .

No contractual obligation to deliver cash or another financial asset (paragraphs 17-20)

. . . .

AG25 . . . .

AG26 When preference shares are non-redeemable, the appropriate classification is determined by the other rights that attach to them. Classification is based on an assessment of the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. When distributions to holders of the preference shares, whether cumulative or non-cumulative, are at the discretion of the issuer, the shares are equity instruments. The classification of a preference share as an equity instrument or a financial liability is not affected by, for example:

. . . .

Settlement in the entity's own equity instruments (paragraphs 21-24)

. . . .

AG27 The following examples illustrate how to classify different types of contracts on an entity's own equity instruments:

. . . .

Contingent settlement provisions (paragraph 25)

. . . .

AG28 . . . .

Treatment in consolidated financial statements

. . . .

AG29 . . . .

AG29A . . . .

Compound financial instruments (paragraphs 28-32)

. . . .

AG30 . . . .

AG31 A common form of compound financial instrument is a debt instrument with an embedded conversion option, such as a bond convertible into ordinary shares of the issuer, and without any other embedded derivative features. Paragraph 28 requires the issuer of such a financial instrument to present the liability component and the equity component separately in the statement of financial position, as follows:

. . . .

AG32 . . . .

AG33 . . . .

AG34 Once the allocation of the consideration is made, any resulting gain or loss is treated in accordance with accounting principles applicable to the related component, as follows:

. . . .

AG35 . . . .

Treasury shares (paragraphs 33 and 34)

. . . .

AG36 . . . .

Interest, dividends, losses and gains (paragraphs 35-41)

. . . .

AG37 . . . .

Offsetting a financial asset and a financial liability (paragraphs 42-50)

. . . .

AG38 . . . .

Criterion that an entity ‘ currently has a legally enforceable right to set off the recognised amounts ’ (paragraph 42(a))

. . . .

AG38A . . . .

AG38B To meet the criterion in paragraph 42(a), an entity must currently have a legally enforceable right of set-off. This means that the right of set-off:

. . . .

AG38C . . . .

AG38D . . . .

Criterion that an entity ‘ intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously ’ (paragraph 42(b))

. . . .

AG38E . . . .

AG38F If an entity can settle amounts in a manner such that the outcome is, in effect, equivalent to net settlement, the entity will meet the net settlement criterion in paragraph 42(b). This will occur if, and only if, the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk, and that will process receivables and payables in a single settlement process or cycle. For example, a gross settlement system that has all of the following characteristics would meet the net settlement criterion in paragraph 42(b):

. . . .

AG39 . . . .

DISCLOSURE

. . . .

Financial assets and financial liabilities at fair value through profit or loss (paragraph 94(f))

. . . .

AG40 . . . .

INTERNATIONAL ACCOUNTING STANDARD 33

Earnings per share

OBJECTIVE

. . . .

1 . . . .

SCOPE

. . . .

2 This standard shall apply to:

. . . .

3 . . . .

4 . . . .

4A . . . .

DEFINITIONS

. . . .

5 The following terms are used in this standard with the meanings specified:

. . . .

6 . . . .

7 Examples of potential ordinary shares are:

. . . .

8 . . . .

MEASUREMENT

. . . .

Basic earnings per share

. . . .

9 . . . .

10 . . . .

11 . . . .

Earnings

. . . .

12 For the purpose of calculating basic earnings per share, the amounts attributable to ordinary equity holders of the parent entity in respect of:

. . . .

13 . . . .

14 The after-tax amount of preference dividends that is deducted from profit or loss is:

. . . .

15 . . . .

16 . . . .

17 . . . .

18 . . . .

Shares

. . . .

19 . . . .

20 . . . .

21 Shares are usually included in the weighted average number of shares from the date consideration is receivable (which is generally the date of their issue), for example:

. . . .

22 . . . .

23 . . . .

24 . . . .

25 . . . .

26 . . . .

27 Ordinary shares may be issued, or the number of ordinary shares outstanding may be reduced, without a corresponding change in resources. Examples include:

. . . .

28 . . . .

29 . . . .

Diluted earnings per share

. . . .

30 . . . .

31 . . . .

32 The objective of diluted earnings per share is consistent with that of basic earnings per share — to provide a measure of the interest of each ordinary share in the performance of an entity — while giving effect to all dilutive potential ordinary shares outstanding during the period. As a result:

. . . .

Earnings

. . . .

33 For the purpose of calculating diluted earnings per share, an entity shall adjust profit or loss attributable to ordinary equity holders of the parent entity, as calculated in accordance with paragraph 12, by the after-tax effect of:

. . . .

34 . . . .

35 . . . .

Shares

. . . .

36 . . . .

37 . . . .

38 . . . .

39 . . . .

40 . . . .

Dilutive potential ordinary shares

. . . .

41 . . . .

42 . . . .

43 . . . .

44 . . . .

Options, warrants and their equivalents

. . . .

45 . . . .

46 Options and warrants are dilutive when they would result in the issue of ordinary shares for less than the average market price of ordinary shares during the period. The amount of the dilution is the average market price of ordinary shares during the period minus the issue price. Therefore, to calculate diluted earnings per share, potential ordinary shares are treated as consisting of both the following:

. . . .

47 . . . .

47A . . . .

48 . . . .

Convertible instruments

. . . .

49 . . . .

50 . . . .

51 . . . .

Contingently issuable shares

. . . .

52 . . . .

53 . . . .

54 . . . .

55 . . . .

56 . . . .

57 Contingently issuable potential ordinary shares (other than those covered by a contingent share agreement, such as contingently issuable convertible instruments) are included in the diluted earnings per share calculation as follows:

. . . .

Contracts that may be settled in ordinary shares or cash

. . . .

58 . . . .

59 . . . .

60 . . . .

61 . . . .

Purchased options

. . . .

62 . . . .

Written put options

. . . .

63 Contracts that require the entity to repurchase its own shares, such as written put options and forward purchase contracts, are reflected in the calculation of diluted earnings per share if the effect is dilutive. If these contracts are ‘in the money’ during the period (i.e. the exercise or settlement price is above the average market price for that period), the potential dilutive effect on earnings per share shall be calculated as follows:

. . . .

RETROSPECTIVE ADJUSTMENTS

. . . .

64 . . . .

65 . . . .

PRESENTATION

. . . .

66 . . . .

67 . . . .

67A . . . .

68 . . . .

68A . . . .

69 . . . .

DISCLOSURE

. . . .

70 An entity shall disclose the following:

. . . .

71 Examples of transactions in paragraph 70(d) include:

. . . .

72 . . . .

73 . . . .

73A . . . .

EFFECTIVE DATE

. . . .

74 . . . .

74A . . . .

74B . . . .

74C . . . .

74D . . . .

74E . . . .

WITHDRAWAL OF OTHER PRONOUNCEMENTS

. . . .

75 . . . .

76 . . . .

Appendix A

APPLICATION GUIDANCE

. . . .

PROFIT OR LOSS ATTRIBUTABLE TO THE PARENT ENTITY

. . . .

A1 . . . .

RIGHTS ISSUES

. . . .

A2 The issue of ordinary shares at the time of exercise or conversion of potential ordinary shares does not usually give rise to a bonus element. This is because the potential ordinary shares are usually issued for fair value, resulting in a proportionate change in the resources available to the entity. In a rights issue, however, the exercise price is often less than the fair value of the shares. Therefore, as noted in paragraph 27(b), such a rights issue includes a bonus element. If a rights issue is offered to all existing shareholders, the number of ordinary shares to be used in calculating basic and diluted earnings per share for all periods before the rights issue is the number of ordinary shares outstanding before the issue, multiplied by the following factor:

. . . .

CONTROL NUMBER

. . . .

A3 . . . .

AVERAGE MARKET PRICE OF ORDINARY SHARES

. . . .

A4 . . . .

A5 . . . .

OPTIONS, WARRANTS AND THEIR EQUIVALENTS

. . . .

A6 . . . .

A7 . . . .

A8 . . . .

A9 . . . .

WRITTEN PUT OPTIONS

. . . .

A10 . . . .

INSTRUMENTS OF SUBSIDIARIES, JOINT VENTURES OR ASSOCIATES

. . . .

A11 Potential ordinary shares of a subsidiary, joint venture or associate convertible into either ordinary shares of the subsidiary, joint venture or associate, or ordinary shares of the parent, or investors with joint control of, or significant influence (the reporting entity) over, the investee are included in the calculation of diluted earnings per share as follows:

. . . .

A12 . . . .

PARTICIPATING EQUITY INSTRUMENTS AND TWO-CLASS ORDINARY SHARES

A13 The equity of some entities includes:

. . . .

A14 For the purpose of calculating diluted earnings per share, conversion is assumed for those instruments described in paragraph A13 that are convertible into ordinary shares if the effect is dilutive. For those instruments that are not convertible into a class of ordinary shares, profit or loss for the period is allocated to the different classes of shares and participating equity instruments in accordance with their dividend rights or other rights to participate in undistributed earnings. To calculate basic and diluted earnings per share:

. . . .

PARTLY PAID SHARES

A15 . . . .

A16 . . . .

INTERNATIONAL ACCOUNTING STANDARD 34

Interim financial reporting

OBJECTIVE

. . . .

SCOPE

. . . .

1 This standard does not mandate which entities should be required to publish interim financial reports, how frequently, or how soon after the end of an interim period. However, governments, securities regulators, stock exchanges, and accountancy bodies often require entities whose debt or equity securities are publicly traded to publish interim financial reports. This standard applies if an entity is required or elects to publish an interim financial report in accordance with international financial reporting standards. The International Accounting Standards Committee encourages publicly traded entities to provide interim financial reports that conform to the recognition, measurement, and disclosure principles set out in this standard. Specifically, publicly traded entities are encouraged:

. . . .

2 . . . .

3 . . . .

DEFINITIONS

. . . .

4 . . . .

CONTENT OF AN INTERIM FINANCIAL REPORT

. . . .

5 IAS 1 defines a complete set of financial statements as including the following components:

. . . .

6 . . . .

7 . . . .

Minimum components of an interim financial report

. . . .

8 An interim financial report shall include, at a minimum, the following components:

. . . .

8A . . . .

Form and content of interim financial statements

. . . .

9 . . . .

10 . . . .

11 . . . .

11A . . . .

12 . . . .

13 . . . .

14 . . . .

Significant events and transactions

. . . .

15 . . . .

15A . . . .

15B The following is a list of events and transactions for which disclosures would be required if they are significant: the list is not exhaustive.

. . . .

15C . . . .

16 An entity shall include the following information, as a minimum, in the notes to its interim financial statements, if material and if not disclosed elsewhere in the interim financial report. The information shall normally be reported on a financial year-to-date basis. However, the entity shall also disclose any events or transactions that are material to an understanding of the current interim period:

. . . .

Other disclosures

. . . .

16A **In addition to disclosing significant events and transactions in accordance with paragraphs 15–15C, an entity shall include the following information, in the notes to its interim financial statements, if not disclosed elsewhere in the interim financial report. The information shall normally be reported on a financial year-to-date basis.**

. . . .

17 Examples of the kinds of disclosures that are required by paragraph 16 are set out below. Individual IFRSs provide guidance regarding disclosures for many of these items:

. . . .

18 . . . .

Disclosure of compliance with IFRSs

. . . .

19 . . . .

Periods for which interim financial statements are required to be presented

. . . .

20 Interim reports shall include interim financial statements (condensed or complete) for periods as follows:

. . . .

21 . . . .

22 . . . .

Materiality

. . . .

23 . . . .

24 . . . .

25 . . . .

DISCLOSURE IN ANNUAL FINANCIAL STATEMENTS

. . . .

26 . . . .

27 . . . .

RECOGNITION AND MEASUREMENT

. . . .

Same accounting policies as annual

. . . .

28 . . . .

29 . . . .

30 To illustrate:

. . . .

31 . . . .

32 . . . .

33 . . . .

34 . . . .

35 . . . .

36 . . . .

Revenues received seasonally, cyclically, or occasionally

. . . .

37 . . . .

38 . . . .

Costs incurred unevenly during the financial year

. . . .

39 . . . .

Applying the recognition and measurement principles

. . . .

40 . . . .

Use of estimates

. . . .

41 . . . .

42 . . . .

RESTATEMENT OF PREVIOUSLY REPORTED INTERIM PERIODS

. . . .

43 A change in accounting policy, other than one for which the transition is specified by a new IFRS, shall be reflected by:

. . . .

44 . . . .

45 . . . .

EFFECTIVE DATE

. . . .

46 . . . .

47 . . . .

48 . . . .

49 . . . .

50 . . . .

51 . . . .

52 . . . .

53 . . . .

54 . . . .

55 . . . .

56 . . . .

57 . . . .

58 . . . .

58 . . . .

INTERNATIONAL ACCOUNTING STANDARD 36

Impairment of assets

OBJECTIVE

. . . .

1 . . . .

SCOPE

. . . .

2 **This Standard shall be applied in accounting for the impairment of all assets, other than:**

. . . .

3 . . . .

4 This Standard applies to financial assets classified as:

. . . .

5 This Standard does not apply to financial assets within the scope of IFRS 9, investment property measured at fair value within the scope of IAS 40, or biological assets related to agricultural activity measured at fair value less costs to sell within the scope of IAS 41. However, this Standard applies to assets that are carried at revalued amount (ie fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses) in accordance with other IFRSs, such as the revaluation model in IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* . The only difference between an asset's fair value and its fair value less costs of disposal is the direct incremental costs attributable to the disposal of the asset.

. . . .

DEFINITIONS

. . . .

6 **The following terms are used in this Standard with the meanings specified:**

. . . .

IDENTIFYING AN ASSET THAT MAY BE IMPAIRED

. . . .

7 Paragraphs 8-17 specify when recoverable amount shall be determined. These requirements use the term ‘an asset’ but apply equally to an individual asset or a cash-generating unit. The remainder of this standard is structured as follows:

. . . .

8 . . . .

9 . . . .

10 Irrespective of whether there is any indication of impairment, an entity shall also:

. . . .

11 . . . .

12 **In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:**

. . . .

13 . . . .

14 Evidence from internal reporting that indicates that an asset may be impaired includes the existence of:

. . . .

15 . . . .

16 As an illustration of paragraph 15, if market interest rates or other market rates of return on investments have increased during the period, an entity is not required to make a formal estimate of an asset's recoverable amount in the following cases:

. . . .

17 . . . .

MEASURING RECOVERABLE AMOUNT

. . . .

18 . . . .

19 . . . .

20 . . . .

21 . . . .

22 Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs (see paragraphs 65-103), unless either:

. . . .

23 . . . .

Measuring the recoverable amount of an intangible asset with an indefinite useful life

. . . .

24 Paragraph 10 requires an intangible asset with an indefinite useful life to be tested for impairment annually by comparing its carrying amount with its recoverable amount, irrespective of whether there is any indication that it may be impaired. However, the most recent detailed calculation of such an asset's recoverable amount made in a preceding period may be used in the impairment test for that asset in the current period, provided all of the following criteria are met:

. . . .

Fair value less costs of disposal

. . . .

25 . . . .

26 . . . .

27 . . . .

28 . . . .

29 . . . .

Value in use

. . . .

30 The following elements shall be reflected in the calculation of an asset's value in use:

. . . .

31 Estimating the value in use of an asset involves the following steps:

. . . .

32 . . . .

Basis for estimates of future cash flows

. . . .

33 In measuring value in use an entity shall:

. . . .

34 . . . .

35 . . . .

36 . . . .

37 . . . .

38 . . . .

Composition of estimates of future cash flows

. . . .

39 Estimates of future cash flows shall include:

. . . .

40 . . . .

41 . . . .

42 . . . .

43 To avoid double-counting, estimates of future cash flows do not include:

. . . .

44 Future cash flows shall be estimated for the asset in its current condition. Estimates of future cash flows shall not include estimated future cash inflows or outflows that are expected to arise from:

. . . .

45 Because future cash flows are estimated for the asset in its current condition, value in use does not reflect:

. . . .

46 . . . .

47 When an entity becomes committed to a restructuring, some assets are likely to be affected by this restructuring. Once the entity is committed to the restructuring:

. . . .

48 . . . .

49 . . . .

50 Estimates of future cash flows shall not include:

. . . .

51 . . . .

52 . . . .

53 The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is determined in a similar way to an asset's fair value less costs of disposal, except that, in estimating those net cash flows:

. . . .

53A Fair value differs from value in use. Fair value reflects the assumptions market participants would use when pricing the asset. In contrast, value in use reflects the effects of factors that may be specific to the entity and not applicable to entities in general. For example, fair value does not reflect any of the following factors to the extent that they would not be generally available to market participants:

. . . .

Foreign currency future cash flows

. . . .

54 . . . .

Discount rate

. . . .

55 The discount rate (rates) shall be a pre-tax rate (rates) that reflect(s) current market assessments of:

. . . .

56 . . . .

57 . . . .

RECOGNISING AND MEASURING AN IMPAIRMENT LOSS

. . . .

58 . . . .

59 . . . .

60 . . . .

61 . . . .

62 . . . .

63 . . . .

64 . . . .

CASH-GENERATING UNITS AND GOODWILL

. . . .

65 . . . .

Identifying the cash-generating unit to which an asset belongs

. . . .

66 . . . .

67 The recoverable amount of an individual asset cannot be determined if:

. . . .

Example

. . . .

68 . . . .

Example

. . . .

69 . . . .

70 If an active market exists for the output produced by an asset or group of assets, that asset or group of assets shall be identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, an entity shall use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

. . . .

71 . . . .

72 . . . .

73 . . . .

Recoverable amount and carrying amount of a cash-generating unit

. . . .

74 . . . .

75 . . . .

76 The carrying amount of a cash-generating unit:

. . . .

77 . . . .

78 . . . .

Example

. . . .

79 . . . .

Goodwill

. . . .

Allocating goodwill to cash-generating units

. . . .

80 **For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated shall:**

. . . .

81 . . . .

82 . . . .

83 . . . .

84 . . . .

85 In accordance with IFRS 3 *Business Combinations* , if the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, the acquirer:

. . . .

86 If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of shall be:

. . . .

Example

. . . .

87 . . . .

Example

. . . .

Testing cash-generating units with goodwill for impairment

. . . .

88 . . . .

89 . . . .

90 . . . .

Minority interest

. . . .

91 In accordance with IFRS 3, goodwill recognised in a business combination represents the goodwill acquired by a parent based on the parent's ownership interest, rather than the amount of goodwill controlled by the parent as a result of the business combination. Therefore, goodwill attributable to a minority interest is not recognised in the parent's consolidated financial statements. Accordingly, if there is a minority interest in a cash-generating unit to which goodwill has been allocated, the carrying amount of that unit comprises:

. . . .

92 . . . .

93 . . . .

94 . . . .

95 . . . .

Timing of impairment tests

. . . .

96 . . . .

97 . . . .

98 . . . .

99 The most recent detailed calculation made in a preceding period of the recoverable amount of a cash-generating unit to which goodwill has been allocated may be used in the impairment test of that unit in the current period provided all of the following criteria are met:

. . . .

Corporate assets

. . . .

100 . . . .

101 . . . .

102 In testing a cash-generating unit for impairment, an entity shall identify all the corporate assets that relate to the cash-generating unit under review. If a portion of the carrying amount of a corporate asset:

. . . .

103 . . . .

Impairment loss for a cash-generating unit

. . . .

104 An impairment loss shall be recognised for a cash-generating unit (the smallest group of cash-generating units to which goodwill or a corporate asset has been allocated) if,

and only if, the recoverable amount of the unit (group of units) is less than the carrying amount of the unit (group of units). The impairment loss shall be allocated to reduce the carrying amount of the assets of the unit (group of units) in the following order:

. . . .

105 **In allocating an impairment loss in accordance with paragraph 104, an entity shall not reduce the carrying amount of an asset below the highest of:**

. . . .

106 . . . .

107 If the recoverable amount of an individual asset cannot be determined (see paragraph 67):

. . . .

Example

. . . .

108 . . . .

REVERSING AN IMPAIRMENT LOSS

. . . .

109 . . . .

110 . . . .

111 **In assessing whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased, an entity shall consider, as a minimum, the following indications:**

. . . .

112 . . . .

113 . . . .

114 . . . .

115 A reversal of an impairment loss reflects an increase in the estimated service potential of an asset, either from use or from sale, since the date when an entity last recognised an impairment loss for that asset. Paragraph 130 requires an entity to identify the change in estimates that causes the increase in estimated service potential. Examples of changes in estimates include:

. . . .

116 . . . .

Reversing an impairment loss for an individual asset

. . . .

117 . . . .

118 . . . .

119 . . . .

120 . . . .

121 . . . .

Reversing an impairment loss for a cash-generating unit

. . . .

122 . . . .

123 In allocating a reversal of an impairment loss for a cash-generating unit in accordance with paragraph 122, the carrying amount of an asset shall not be increased above the lower of:

. . . .

Reversing an impairment loss for goodwill

. . . .

124 . . . .

125 . . . .

DISCLOSURE

. . . .

126 An entity shall disclose the following for each class of assets:

. . . .

127 . . . .

128 . . . .

129 An entity that reports segment information in accordance with IFRS 8 shall disclose the following for each reportable segment:

. . . .

130 **An entity shall disclose the following for an individual asset (including goodwill) or a cash-generating unit, for which an impairment loss has been recognised or reversed during the period:**

. . . .

131 An entity shall disclose the following information for the aggregate impairment losses and the aggregate reversals of impairment losses recognised during the period for which no information is disclosed in accordance with paragraph 130:

. . . .

132 . . . .

133 . . . .

Estimates used to measure recoverable amounts of cash-generating units containing goodwill or intangible assets with indefinite useful lives

. . . .

134 **An entity shall disclose the information required by (a)–(f) for each cash-generating unit (group of units) for which the carrying amount of goodwill or**

intangible assets with indefinite useful lives allocated to that unit (group of units) is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives:

. . . .

135 If some or all of the carrying amount of goodwill or intangible assets with indefinite useful lives is allocated across multiple cash-generating units (groups of units), and the amount so allocated to each unit (group of units) is not significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives, that fact shall be disclosed, together with the aggregate carrying amount of goodwill or intangible assets with indefinite useful lives allocated to those units (groups of units). In addition, if the recoverable amounts of any of those units (groups of units) are based on the same key assumption(s) and the aggregate carrying amount of goodwill or intangible assets with indefinite useful lives allocated to them is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives, an entity shall disclose that fact, together with:

. . . .

136 . . . .

137 . . . .

Transitional provisions and effective date

. . . .

138 . . . .

139 An entity shall apply this Standard:

. . . .

140 . . . .

140A . . . .

140B . . . .

140C . . . .

140D . . . .

140E . . . .

140H . . . .

140I . . . .

140J . . . .

140L . . . .

140M . . . .

Withdrawal of IAS 36 (issued 1998)

. . . .

141 . . . .

Appendix A

USING PRESENT VALUE TECHNIQUES TO MEASURE VALUE IN USE

. . . .

The components of a present value measurement

. . . .

A1 The following elements together capture the economic differences between assets:

. . . .

A2 . . . .

General principles

. . . .

A3 The techniques used to estimate future cash flows and interest rates will vary from one situation to another depending on the circumstances surrounding the asset in question. However, the following general principles govern any application of present value techniques in measuring assets:

. . . .

Traditional and expected cash flow approaches to present value

. . . .

Traditional approach

. . . .

A4 . . . .

A5 . . . .

A6 However, the traditional approach may not appropriately address some complex measurement problems, such as the measurement of non-financial assets for which no market for the item or a comparable item exists. A proper search for 'the rate commensurate with the risk' requires analysis of at least two items — an asset that exists in the marketplace and has an observed interest rate and the asset being measured. The appropriate discount rate for the cash flows being measured must be inferred from the observable rate of interest in that other asset. To draw that inference, the characteristics of the other asset's cash flows must be similar to those of the asset being measured. Therefore, the measurer must do the following:

. . . .

Expected cash flow approach

. . . .

A7 . . . .

A8 The expected cash flow approach also allows use of present value techniques when the timing of cash flows is uncertain. For example, a cash flow of CU1 000 may be received in one year, two years or three years with probabilities of 10 per cent, 60 per cent and 30 per cent, respectively. The example below shows the computation of expected present value in that situation.

. . . .

A9 . . . .

A10 . . . .

A11 Many estimates developed in current practice already incorporate the elements of expected cash flows informally. In addition, accountants often face the need to measure an asset using limited information about the probabilities of possible cash flows. For example, an accountant might be confronted with the following situations:

. . . .

A12 . . . .

A13 . . . .

A14 . . . .

Discount rate

. . . .

A15 . . . .

A16 When an asset-specific rate is not directly available from the market, an entity uses surrogates to estimate the discount rate. The purpose is to estimate, as far as possible, a market assessment of:

. . . .

A17 As a starting point in making such an estimate, the entity might take into account the following rates:

. . . .

A18 However, these rates must be adjusted:

. . . .

A19 . . . .

A20 . . . .

A21 . . . .

Appendix C

. . . .

Impairment testing cash-generating units with goodwill and non-controlling interests

. . . .

C1 In accordance with IFRS 3 (as revised by the International Accounting Standards Board in 2008), the acquirer measures and recognises goodwill as of the acquisition date as the excess of (a) over (b) below:

. . . .

Allocation of goodwill

. . . .

C2 . . . .

Testing for impairment

. . . .

C3 . . . .

C4 . . . .

Allocating an impairment loss

. . . .

C5 . . . .

C6 . . . .

C7 If a subsidiary, or part of a subsidiary, with a non-controlling interest is part of a larger cash-generating unit, goodwill impairment losses are allocated to the parts of the cash-generating unit that have a non-controlling interest and the parts that do not. The impairment losses should be allocated to the parts of the cash-generating unit on the basis of:

. . . .

C8 . . . .

C9 . . . .

INTERNATIONAL ACCOUNTING STANDARD 37

Provisions, contingent liabilities and contingent assets

OBJECTIVE

. . . .

SCOPE

. . . .

1 This standard shall be applied by all entities in accounting for provisions, contingent liabilities and contingent assets, except:

. . . .

2 . . . .

3 . . . .

4 . . . .

5 When another Standard deals with a specific type of provision, contingent liability or contingent asset, an entity applies that Standard instead of this Standard. For example, some types of provisions are addressed in Standards on:

. . . .

6 . . . .

7 . . . .

8 . . . .

9 . . . .

DEFINITIONS

. . . .

10 The following terms are used in this standard with the meanings specified:

. . . .

Provisions and other liabilities

. . . .

11 Provisions can be distinguished from other liabilities such as trade payables and accruals because there is uncertainty about the timing or amount of the future expenditure required in settlement. By contrast:

. . . .

Relationship between provisions and contingent liabilities

. . . .

12 . . . .

13 This standard distinguishes between:

. . . .

RECOGNITION

. . . .
Provisions

. . . .

14 A provision shall be recognised when:

. . . .
Present obligation

. . . .

15 . . . .

16 In almost all cases it will be clear whether a past event has given rise to a present obligation. In rare cases, for example in a law suit, it may be disputed either whether certain events have occurred or whether those events result in a present obligation. In such a case, an entity determines whether a present obligation exists at the end of the reporting period by taking account of all available evidence, including, for example, the opinion of experts. The evidence considered includes any additional evidence provided by events after the reporting period. On the basis of such evidence:

. . . .
Past event

. . . .

17 A past event that leads to a present obligation is called an obligating event. For an event to be an obligating event, it is necessary that the entity has no realistic alternative to settling the obligation created by the event. This is the case only:

. . . .

18 . . . .

19 . . . .

20 . . . .

21 . . . .

22 . . . .
Probable outflow of resources embodying economic benefits

. . . .

23 . . . .

24 . . . .
Reliable estimate of the obligation

. . . .

25 . . . .

26 . . . .
Contingent liabilities

. . . .

27 . . . .

28 . . . .

29 . . . .

30 . . . .

Contingent assets

. . . .

31 . . . .

32 . . . .

33 . . . .

34 . . . .

35 . . . .

MEASUREMENT

. . . .

Best estimate

. . . .

36 . . . .

37 . . . .

38 . . . .

39 . . . .

Example

. . . .

40 . . . .

41 . . . .

Risks and uncertainties

. . . .

42 . . . .

43 . . . .

44 . . . .

Present value

. . . .

45 . . . .

46 . . . .

47 . . . .

Future events

. . . .

48 . . . .

49 . . . .

50 . . . .

Expected disposal of assets

. . . .

51 . . . .

52 . . . .

REIMBURSEMENTS

. . . .

53 . . . .

54 . . . .

55 . . . .

56 . . . .

57 . . . .

58 . . . .

CHANGES IN PROVISIONS

. . . .

59 . . . .

60 . . . .

USE OF PROVISIONS

. . . .

61 . . . .

62 . . . .

APPLICATION OF THE RECOGNITION AND MEASUREMENT RULES

. . . .

Future operating losses

. . . .

63 . . . .

64 . . . .

65 . . . .

Onerous contracts

. . . .

66 . . . .

67 . . . .

68 . . . .

69 . . . .

Restructuring

. . . .

70 The following are examples of events that may fall under the definition of restructuring:

. . . .

71 . . . .

72 A constructive obligation to restructure arises only when an entity:

. . . .

73 . . . .

74 . . . .

75 A management or board decision to restructure taken before the end of the reporting period does not give rise to a constructive obligation at the end of the reporting period unless the entity has, before the end of the reporting period:

. . . .

76 . . . .

77 . . . .

78 . . . .

79 . . . .

80 A restructuring provision shall include only the direct expenditures arising from the restructuring, which are those that are both:

. . . .

81 A restructuring provision does not include such costs as:

. . . .

82 . . . .

83 . . . .

DISCLOSURE

. . . .

84 For each class of provision, an entity shall disclose:

. . . .

85 An entity shall disclose the following for each class of provision:

. . . .

86 Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability at the end of the reporting period a brief description of the nature of the contingent liability and, where practicable:

. . . .

87 . . . .

88 . . . .

89 . . . .

90 . . . .

91 . . . .

92 . . . .

TRANSITIONAL PROVISIONS

. . . .

93 . . . .

94 . . . .

EFFECTIVE DATE

. . . .

95 . . . .

96 . . . .

99 . . . .

100 . . . .

101 . . . .

102 . . . .

104 . . . .

INTERNATIONAL ACCOUNTING STANDARD 38

Intangible assets

OBJECTIVE

. . . .

1 . . . .

SCOPE

. . . .

2 This standard shall be applied in accounting for intangible assets, except:

. . . .

3 If another Standard prescribes the accounting for a specific type of intangible asset, an entity applies that Standard instead of this Standard. For example, this Standard does not apply to:

. . . .

4 . . . .

5 . . . .

6 . . . .

7 . . . .

DEFINITIONS

. . . .

8 **The following terms are used in this Standard with the meanings specified:**

. . . .

Intangible assets

. . . .

9 . . . .

10 . . . .

Identifiability

. . . .

11 . . . .

12 An asset is identifiable if it either:

. . . .

Control

. . . .

13 . . . .

14 . . . .

15 . . . .

16 . . . .

Future economic benefits

. . . .

17 . . . .

RECOGNITION AND MEASUREMENT

. . . .

18 The recognition of an item as an intangible asset requires an entity to demonstrate that the item meets:

. . . .

19 . . . .

20 . . . .

21 An intangible asset shall be recognised if, and only if:

. . . .

22 . . . .

23 . . . .

24 . . . .

Separate acquisition

. . . .

25 . . . .

26 . . . .

27 The cost of a separately acquired intangible asset comprises:

. . . .

28 Examples of directly attributable costs are:

. . . .

29 Examples of expenditures that are not part of the cost of an intangible asset are:

. . . .

30 Recognition of costs in the carrying amount of an intangible asset ceases when the asset is in the condition necessary for it to be capable of operating in the manner intended by management. Therefore, costs incurred in using or redeploying an intangible asset are not included in the carrying amount of that asset. For example, the following costs are not included in the carrying amount of an intangible asset:

. . . .

31 . . . .

32 . . . .

Acquisition as part of a business combination

. . . .

33 . . . .

34 In accordance with this Standard and IFRS 3 (as revised by the International Accounting Standards Board in 2008), an acquirer recognises at the acquisition date, separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination. This means that the acquirer recognises as an asset separately from goodwill an in-process research and development project of the acquiree if the project meets the definition of an intangible asset. An acquiree's in-process research and development project meets the definition of an intangible asset when it:

. . . .

Intangible asset acquired in a business combination

. . . .

35 . . . .

36 . . . .

37 . . . .

38 The only circumstances in which it might not be possible to measure reliably the fair value of an intangible asset acquired in a business combination are when the intangible asset arises from legal or other contractual rights and either:

. . . .

39 . . . .

40 . . . .

41 Entities that are involved in the purchase and sale of intangible assets may have developed techniques for estimating their fair values indirectly. These techniques may be used for initial measurement of an intangible asset acquired in a business combination if their objective is to estimate fair value and if they reflect current transactions and practices in the industry to which the asset belongs. These techniques include, for example:

. . . .

Subsequent expenditure on an acquired in-process research and development project

. . . .

42 Research or development expenditure that:

. . . .

43 Applying the requirements in paragraphs 54-62 means that subsequent expenditure on an in-process research or development project acquired separately or in a business combination and recognised as an intangible asset is:

. . . .

Acquisition by way of a government grant

. . . .

44 . . . .

Exchanges of assets

. . . .

45 . . . .

46 An entity determines whether an exchange transaction has commercial substance by considering the extent to which its future cash flows are expected to change as a result of the transaction. An exchange transaction has commercial substance if:

. . . .

47 . . . .

Internally generated goodwill

. . . .

48 . . . .

49 . . . .

50 . . . .

Internally generated intangible assets

. . . .

51 It is sometimes difficult to assess whether an internally generated intangible asset qualifies for recognition because of problems in:

. . . .

52 To assess whether an internally generated intangible asset meets the criteria for recognition, an entity classifies the generation of the asset into:

. . . .

53 . . . .

Research phase

. . . .

54 . . . .

55 . . . .

56 Examples of research activities are:

. . . .

Development phase

. . . .

57 An intangible asset arising from development (or from the development phase of an internal project) shall be recognised if, and only if, an entity can demonstrate all of the following:

. . . .

58 . . . .

59 Examples of development activities are:

. . . .

60 . . . .

61 . . . .

62 . . . .

63 . . . .

64 . . . .

Cost of an internally generated intangible asset

. . . .

65 . . . .

66 The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Examples of directly attributable costs are:

. . . .

67 The following are not components of the cost of an internally generated intangible asset:

. . . .

Example illustrating paragraph 65

. . . .

RECOGNITION OF AN EXPENSE

. . . .

68 Expenditure on an intangible item shall be recognised as an expense when it is incurred unless:

. . . .

69 In some cases, expenditure is incurred to provide future economic benefits to an entity, but no intangible asset or other asset is acquired or created that can be recognised. In the case of the supply of goods, the entity recognises such expenditure as an expense when it has a right to access those goods. In the case of the supply of services, the entity recognises the expenditure as an expense when it receives the services. For example, expenditure on research is recognised as an expense when it is incurred (see paragraph 54), except when it is acquired as part of a business combination. Other examples of expenditure that is recognised as an expense when it is incurred include:

. . . .

69A . . . .

70 . . . .

Past expenses not to be recognised as an asset

. . . .

71 . . . .

MEASUREMENT AFTER RECOGNITION

. . . .

72 . . . .

73 . . . .

Cost model

. . . .

74 . . . .

Revaluation model

. . . .

75 . . . .

76 The revaluation model does not allow:

. . . .

77 . . . .

78 . . . .

79 . . . .

80 When an intangible asset is revalued, the carrying amount of that asset is adjusted to the revalued amount. At the date of the revaluation, the asset is treated in one of the following ways:

. . . .

81 . . . .

82 . . . .

83 . . . .

84 . . . .

85 . . . .

86 . . . .

87 . . . .

USEFUL LIFE

. . . .

88 . . . .

89 . . . .

90 Many factors are considered in determining the useful life of an intangible asset, including:

. . . .

91 . . . .

92 . . . .

93 . . . .

94 . . . .

95 . . . .

96 Existence of the following factors, among others, indicates that an entity would be able to renew the contractual or other legal rights without significant cost:

. . . .

INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

. . . .

Amortisation period and amortisation method

. . . .

97 . . . .

98 . . . .

98A There is a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate. The revenue generated by an activity that includes the use of an intangible asset typically reflects factors that are not directly linked to the consumption of the economic benefits embodied in the intangible asset. For example, revenue is affected by other inputs and processes, selling activities and changes in sales volumes and prices. The price component of revenue may be affected by inflation, which has no bearing upon the way in which an asset is consumed. This presumption can be overcome only in the limited circumstances:

. . . .

98B . . . .

98C . . . .

99 . . . .

Residual value

. . . .

100 **The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless:**

. . . .

101 . . . .

102 . . . .

103 . . . .

Review of amortisation period and amortisation method

. . . .

104 . . . .

105 . . . .

106 . . . .

INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

. . . .

107 . . . .

108 In accordance with IAS 36, an entity is required to test an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount:

. . . .

Review of useful life assessment

. . . .

109 . . . .

110 . . . .

RECOVERABILITY OF THE CARRYING AMOUNT — IMPAIRMENT LOSSES

. . . .

111 . . . .

RETIREMENTS AND DISPOSALS

. . . .

112 An intangible asset shall be derecognised:

. . . .

113 . . . .

114 . . . .

115 . . . .

115A . . . .

116 . . . .

117 . . . .

DISCLOSURE

. . . .

General

. . . .

118 An entity shall disclose the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets:

. . . .

119 A class of intangible assets is a grouping of assets of a similar nature and use in an entity's operations. Examples of separate classes may include:

. . . .

120 . . . .

121 IAS 8 requires an entity to disclose the nature and amount of a change in an accounting estimate that has a material effect in the current period or is expected to have a material effect in subsequent periods. Such disclosure may arise from changes in:

. . . .

122 An entity shall also disclose:

. . . .

123 . . . .

Intangible assets measured after recognition using the revaluation model

. . . .

124 **If intangible assets are accounted for at revalued amounts, an entity shall disclose the following:**

. . . .

125 . . . .

Research and development expenditure

. . . .

126 . . . .

127 . . . .

Other information

. . . .

128 An entity is encouraged, but not required, to disclose the following information:

. . . .

TRANSITIONAL PROVISIONS AND EFFECTIVE DATE

. . . .

129 . . . .

130 An entity shall apply this Standard:

. . . .

130A . . . .

130B . . . .

130C . . . .

130D . . . .

130E . . . .

130F . . . .

130G . . . .

130H . . . .

130I . . . .

130J . . . .

130K . . . .

130L . . . .

Exchanges of similar assets

. . . .

131 . . . .

Early application

. . . .

132 . . . .

WITHDRAWAL OF IAS 38 (ISSUED 1998)

. . . .

133 . . . .

INTERNATIONAL ACCOUNTING STANDARD 39

Financial instruments: recognition and measurement

OBJECTIVE

. . . .

1 . . . .

SCOPE

. . . .

2 **This Standard shall be applied by all entities to all financial instruments within the scope of IFRS 9 *Financial Instruments* if, and to the extent that:**

. . . .

2A . . . .

3 . . . .

4–7 . . . .

DEFINITIONS

. . . .

8 The terms defined in IFRS 13, IFRS 9 and IAS 32 are used in this Standard with the meanings specified in Appendix A of IFRS 13, Appendix A of IFRS 9 and paragraph 11 of IAS 32. IFRS 13, IFRS 9 and IAS 32 define the following terms:

. . . .

9 . . . .

Definition of a derivative

. . . .

Definitions of four categories of financial instruments

. . . .

Definition of a financial guarantee contract

. . . .

Definitions relating to recognition and measurement

. . . .

Definitions relating to hedge accounting

. . . .

EMBEDDED DERIVATIVES

. . . .

10 . . . .

11 An embedded derivative shall be separated from the host contract and accounted for as a derivative under this standard if, and only if:

. . . .

11A Notwithstanding paragraph 11, if a contract contains one or more embedded derivatives, an entity may designate the entire hybrid (combined) contract as a financial asset or financial liability at fair value through profit or loss unless:

. . . .

12 . . . .

13 . . . .

RECOGNITION AND DERECOGNITION

. . . .

Initial recognition

. . . .

14 . . . .

Derecognition of a financial asset

. . . .

15 . . . .

16 Before evaluating whether, and to what extent, derecognition is appropriate under paragraphs 17-23, an entity determines whether those paragraphs should be applied to a part of a financial asset (or a part of a group of similar financial assets) or a financial asset (or a group of similar financial assets) in its entirety, as follows.

. . . .

17 An entity shall derecognise a financial asset when, and only when:

. . . .

18 An entity transfers a financial asset if, and only if, it either:

. . . .

19 When an entity retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), the entity treats the transaction as a transfer of a financial asset if, and only if, all of the following three conditions are met.

. . . .

20 When an entity transfers a financial asset (see paragraph 18), it shall evaluate the extent to which it retains the risks and rewards of ownership of the financial asset. In this case:

. . . .

21 . . . .

22 . . . .

23 . . . .

Transfers that qualify for derecognition (see paragraph 20(a) and (c)(i))

. . . .

24 . . . .

25 . . . .

26 On derecognition of a financial asset in its entirety, the difference between:

. . . .

27 If the transferred asset is part of a larger financial asset (e.g. when an entity transfers interest cash flows that are part of a debt instrument, see paragraph 16(a)) and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts on the date of the transfer. For this purpose, a retained servicing asset shall be treated as a part that continues to be recognised. The difference between:

. . . .

28 . . . .

Transfers that do not qualify for derecognition (see paragraph 20(b))

. . . .

29 . . . .

Continuing involvement in transferred assets (see paragraph 20(c)(ii))

. . . .

30 If an entity neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, the entity continues to recognise the transferred asset to the extent of its continuing involvement. The extent of the entity's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset. For example:

. . . .

31 When an entity continues to recognise an asset to the extent of its continuing involvement, the entity also recognises an associated liability. Despite the other measurement requirements in this standard, the transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained. The associated liability is measured in such a way that the net carrying amount of the transferred asset and the associated liability is:

. . . .

32 . . . .

33 . . . .

34 If an entity's continuing involvement is in only a part of a financial asset (e.g. when an entity retains an option to repurchase part of a transferred asset, or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the entity retains control), the entity allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. For this purpose, the requirements of paragraph 28 apply. The difference between:

. . . .

35 . . . .

All transfers

. . . .

36 . . . .

37 If a transferor provides non-cash collateral (such as debt or equity instruments) to the transferee, the accounting for the collateral by the transferor and the transferee depends on whether the transferee has the right to sell or repledge the collateral and on whether the transferor has defaulted. The transferor and transferee shall account for the collateral as follows:

. . . .

Regular way purchase or sale of a financial asset

. . . .

38 . . . .

Derecognition of a financial liability

. . . .

39 . . . .

40 . . . .

41 . . . .

42 . . . .

MEASUREMENT

. . . .

Initial measurement of financial assets and financial liabilities

. . . .

43 . . . .

43A . . . .

44 . . . .

44A . . . .

Subsequent measurement of financial assets

. . . .

45 For the purpose of measuring a financial asset after initial recognition, this standard classifies financial assets into the following four categories defined in paragraph 9:

. . . .

46 After initial recognition, an entity shall measure financial assets, including derivatives that are assets, at their fair values, without any deduction for transaction costs it may incur on sale or other disposal, except for the following financial assets:

. . . .

Subsequent measurement of financial liabilities

. . . .

47 **After initial recognition, an entity shall measure all financial liabilities at amortised cost using the effective interest method, except for:**

. . . .

Fair value measurement considerations

. . . .

48 . . . .

48A . . . .

49 . . . .

Reclassifications

. . . .

50 An entity:

. . . .

50A The following changes in circumstances are not reclassifications for the purposes of paragraph 50:

. . . .

50B . . . .

50C . . . .

50D . . . .

50E . . . .

50F . . . .

51 . . . .

52 . . . .

53 . . . .

54 If, as a result of a change in intention or ability or in the rare circumstance that a reliable measure of fair value is no longer available (see paragraphs 46(c) and 47) or because the ‘two preceding financial years’ referred to in paragraph 9 have passed, it becomes appropriate to carry a financial asset or financial liability at cost or amortised cost rather than at fair value, the fair value carrying amount of the financial asset or the financial liability on that date becomes its new cost or amortised cost, as applicable. Any previous gain or loss on that asset that has been recognised in other comprehensive income in accordance with paragraph 55(b) shall be accounted for as follows:

. . . .

Gains and losses

. . . .

55 **A gain or loss arising from a change in the fair value of a financial asset or financial liability that is not part of a hedging relationship (see paragraphs 89–102), shall be recognised, as follows.**

. . . .

55A *Dividends* are recognised in profit or loss only when:

. . . .

56 . . . .

57 . . . .

Impairment and uncollectability of financial assets

. . . .

58 . . . .

59 A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. It may not be possible to identify a single, discrete event that caused the impairment. Rather the combined effect of several events may have caused the impairment. Losses expected as a result of future events, no matter how likely, are not recognised. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:

. . . .

60 . . . .

61 . . . .

62 . . . .

Financial assets carried at amortised cost

. . . .

63 . . . .

64 . . . .

65 . . . .

Financial assets carried at cost

. . . .

66 . . . .

Available-for-sale financial assets

. . . .

67 . . . .

68 . . . .

69 . . . .

70 . . . .

HEDGING

. . . .

71 . . . .

Hedging instruments

. . . .

Qualifying instruments

. . . .

72 . . . .

73 . . . .

Designation of hedging instruments

. . . .

74 There is normally a single fair value measure for a hedging instrument in its entirety, and the factors that cause changes in fair value are co-dependent. Thus, a hedging relationship is designated by an entity for a hedging instrument in its entirety. The only exceptions permitted are:

. . . .

75 . . . .

76 . . . .

77 . . . .

Hedged items

. . . .

Qualifying items

. . . .

78 . . . .

79 . . . .

80 . . . .

Designation of financial items as hedged items

. . . .

81 . . . .

81A . . . .

Designation of non-financial items as hedged items

. . . .

82 . . . .

Designation of groups of items as hedged items

. . . .

83 . . . .

84 . . . .

Hedge accounting

. . . .

85 . . . .

86 Hedging relationships are of three types:

. . . .

87 . . . .

88 **A hedging relationship qualifies for hedge accounting under paragraphs 89–102 if, and only if, all of the following conditions are met.**

. . . .

Fair value hedges

. . . .

89 **If a fair value hedge meets the conditions in paragraph 88 during the period, it shall be accounted for as follows:**

. . . .

89A For a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities (and only in such a hedge), the requirement in paragraph 89(b) may be met by presenting the gain or loss attributable to the hedged item either:

. . . .

90 . . . .

91 **An entity shall discontinue prospectively the hedge accounting specified in paragraph 89 if:**

. . . .

92 . . . .

93 . . . .

94 . . . .

Cash flow hedges

. . . .

95 If a cash flow hedge meets the conditions in paragraph 88 during the period, it shall be accounted for as follows:

. . . .

96 More specifically, a cash flow hedge is accounted for as follows:

. . . .

97 . . . .

98 If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the entity shall adopt (a) or (b) below:

. . . .

99 . . . .

100 . . . .

101 **In any of the following circumstances an entity shall discontinue prospectively the hedge accounting specified in paragraphs 95–100:**

. . . .

Hedges of a net investment

. . . .

102 Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment (see IAS 21), shall be accounted for similarly to cash flow hedges:

. . . .

Temporary exceptions from applying specific hedge accounting requirements

. . . .

102A An entity shall apply paragraphs 102D–102N and 108G to all hedging relationships directly affected by interest rate benchmark reform. These paragraphs apply only to such hedging relationships. A hedging relationship is directly affected by interest rate benchmark reform only if the reform gives rise to uncertainties about:

. . . .

102B . . . .

102C . . . .

Highly probable requirement for cash flow hedges

. . . .

102D . . . .

Reclassifying the cumulative gain or loss recognised in other comprehensive income

. . . .

102E . . . .

Effectiveness assessment

. . . .

102F . . . .

102G . . . .

Designating financial items as hedged items

. . . .

102H . . . .

102I . . . .

End of application

. . . .

102J An entity shall prospectively cease applying paragraph 102D to a hedged item at the earlier of:

. . . .

102K An entity shall prospectively cease applying paragraph 102E at the earlier of:

. . . .

102L An entity shall prospectively cease applying paragraph 102F:

. . . .

102M An entity shall prospectively cease applying paragraph 102G to a hedging relationship at the earlier of:

. . . .

102N . . . .

EFFECTIVE DATE AND TRANSITION

. . . .

103 . . . .

103A . . . .

103B . . . .

103C . . . .

103D . . . .

103E . . . .

103F . . . .

103G . . . .

103G . . . .

103H–103J . . . .

103K . . . .

103L–103P . . . .

103Q . . . .

103R . . . .

103T . . . .

103U . . . .

103V . . . .

104 . . . .

105–107A . . . .

108 . . . .

108A An entity shall apply the last sentence of paragraph 80, and paragraphs AG99A and AG99B, for annual periods beginning on or after 1 January 2006. Earlier application is encouraged. If an entity has designated as the hedged item an external forecast transaction that:

. . . .

108B . . . .

108C . . . .

108D . . . .

108E–108F . . . .

108G . . . .

WITHDRAWAL OF OTHER PRONOUNCEMENTS

. . . .

109 . . . .

110 . . . .

Appendix A

Application guidance

. . . .

SCOPE (paragraphs 2-7)

. . . .

AG1 . . . .

AG2 . . . .

AG3 . . . .

AG3A . . . .

AG4 Financial guarantee contracts may have various legal forms, such as a guarantee, some types of letter of credit, a credit default contract or an insurance contract. Their accounting treatment does not depend on their legal form. The following are examples of the appropriate treatment (see paragraph 2(e)):

. . . .

AG4A . . . .

DEFINITIONS (paragraphs 8 and 9)

. . . .

Designation as at fair value through profit or loss

. . . .

AG4B . . . .

AG4C . . . .

Paragraph 9(b)(i): Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise

. . . .

AG4D . . . .

AG4E The following examples show when this condition could be met. In all cases, an entity may use this condition to designate financial assets or financial liabilities as at fair value through profit or loss only if it meets the principle in paragraph 9(b)(i).

. . . .

AG4F . . . .

AG4G . . . .

Paragraph 9(b)(ii): A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy

. . . .

AG4H . . . .

AG4I The following examples show when this condition could be met. In all cases, an entity may use this condition to designate financial assets or financial liabilities as at fair value through profit or loss only if it meets the principle in paragraph 9(b)(ii).

. . . .

AG4J . . . .

AG4K . . . .

Effective interest rate

. . . .

AG5 . . . .

AG6 . . . .

AG7 . . . .

AG8 . . . .

AG8A . . . .

AG8B Fees that are an integral part of the effective interest rate of a financial instrument include:

. . . .

AG8C Fees that are not an integral part of the effective interest rate of a financial instrument and are accounted for in accordance with IFRS 15 include:

. . . .

Derivatives

. . . .

AG9 . . . .

AG10 . . . .

AG11 . . . .

AG12 . . . .

AG12A . . . .

Transaction costs

. . . .

AG13 . . . .

Financial assets and financial liabilities held for trading

. . . .

AG14 . . . .

AG15 Financial liabilities held for trading include:

. . . .

Held-to-maturity investments

. . . .

AG16 An entity does not have a positive intention to hold to maturity an investment in a financial asset with a fixed maturity if:

. . . .

AG17 . . . .

AG18 . . . .

AG19 . . . .

AG20 . . . .

AG21 . . . .

AG22 Sales before maturity could satisfy the condition in paragraph 9 — and therefore not raise a question about the entity's intention to hold other investments to maturity — if they are attributable to any of the following:

. . . .

AG23 An entity does not have a demonstrated ability to hold to maturity an investment in a financial asset with a fixed maturity if:

. . . .

AG24 . . . .

AG25 . . . .

Loans and receivables

. . . .

AG26 . . . .

EMBEDDED DERIVATIVES (paragraphs 10-13)

. . . .

AG27 . . . .

AG28 . . . .

AG29 . . . .

AG30 The economic characteristics and risks of an embedded derivative are not closely related to the host contract (paragraph 11(a)) in the following examples. In these examples, assuming the conditions in paragraph 11(b) and (c) are met, an entity accounts for the embedded derivative separately from the host contract.

. . . .

AG31 . . . .

AG32 . . . .

AG33 The economic characteristics and risks of an embedded derivative are closely related to the economic characteristics and risks of the host contract in the following examples. In these examples, an entity does not account for the embedded derivative separately from the host contract.

. . . .

Instruments containing embedded derivatives

. . . .

AG33A . . . .

AG33B . . . .

RECOGNITION AND DERECOGNITION (paragraphs 14-42)

. . . .

Initial recognition (paragraph 14)

. . . .

AG34 . . . .

AG35 The following are examples of applying the principle in paragraph 14:

. . . .

Derecognition of a financial asset (paragraphs 15-37)

. . . .

AG36 The following flow chart illustrates the evaluation of whether and to what extent a financial asset is derecognised.

. . . .

Arrangements under which an entity retains the contractual rights to receive the cash flows of a financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients (paragraph 18(b))

. . . .

AG37 . . . .

AG38 . . . .

Evaluation of the transfer of risks and rewards of ownership (paragraph 20)

. . . .

AG39 Examples of when an entity has transferred substantially all the risks and rewards of ownership are:

. . . .

AG40 Examples of when an entity has retained substantially all the risks and rewards of ownership are:

. . . .

AG41 . . . .

Evaluation of the transfer of control

. . . .

AG42 . . . .

AG43 The transferee has the practical ability to sell the transferred asset only if the transferee can sell the transferred asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. The critical question is what the transferee is able to do in practice, not what contractual rights the transferee has concerning what it can do with the transferred asset or what contractual prohibitions exist. In particular:

. . . .

AG44 . . . .

Transfers that qualify for derecognition

. . . .

AG45 . . . .

AG46 . . . .

Transfers that do not qualify for derecognition

. . . .

AG47 . . . .

Continuing involvement in transferred assets

. . . .

AG48 . . . .

All assets

. . . .

Assets measured at amortised cost

. . . .

Assets measured at fair value

. . . .

All transfers

. . . .

AG49 . . . .

AG50 . . . .

Examples

. . . .

AG51 The following examples illustrate the application of the derecognition principles of this standard.

. . . .

AG52 This paragraph illustrates the application of the continuing involvement approach when the entity's continuing involvement is in a part of a financial asset.

. . . .

Regular way purchase or sale of a financial asset (paragraph 38)

. . . .

AG53 . . . .

AG54 . . . .

AG55 . . . .

AG56 . . . .

Derecognition of a financial liability (paragraphs 39-42)

. . . .

AG57 A financial liability (or part of it) is extinguished when the debtor either:

. . . .

AG58 . . . .

AG59 . . . .

AG60 . . . .

AG61 . . . .

AG62 . . . .

AG63 In some cases, a creditor releases a debtor from its present obligation to make payments, but the debtor assumes a guarantee obligation to pay if the party assuming primary responsibility defaults. In this circumstance the debtor:

. . . .

MEASUREMENT (paragraphs 43-70)

. . . .

Initial measurement of financial assets and financial liabilities (paragraph 43)

. . . .

AG64 . . . .

AG65 . . . .

Subsequent measurement of financial assets (paragraphs 45 and 46)

. . . .

AG66 . . . .

AG67 . . . .

AG68 . . . .

Fair value measurement considerations (paragraphs 48-49)

. . . .

AG69 . . . .

AG70 . . . .

Active market: quoted price

. . . .

AG71 . . . .

AG72 . . . .

AG73 . . . .

No active market: valuation technique

. . . .

AG74 . . . .

AG75 . . . .

AG76 The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price (ie the fair value of the consideration given or received, see also IFRS 13). If an entity determines that the fair value at initial recognition differs from the transaction price as mentioned in paragraph 43A, the entity shall account for that instrument at that date as follows:

. . . .

AG76A . . . .

AG77 . . . .

AG78 . . . .

AG79 . . . .

No active market: equity instruments

. . . .

AG80 . . . .

AG81 . . . .

Inputs to valuation techniques

. . . .

AG82 An appropriate technique for estimating the fair value of a particular financial instrument would incorporate observable market data about the market conditions and other factors that are likely to affect the instrument's fair value. The fair value of a financial instrument will be based on one or more of the following factors (and perhaps others).

. . . .

Gains and losses (paragraphs 55-57)

. . . .

AG83 . . . .

Impairment and uncollectability of financial assets (paragraphs 58-70)

. . . .

Financial assets carried at amortised cost (paragraphs 63-65)

. . . .

AG84 . . . .

AG85 . . . .

AG86 . . . .

AG87 . . . .

AG88 . . . .

AG89 . . . .

AG90 . . . .

AG91 . . . .

AG92 . . . .

Interest income after impairment recognition

. . . .

AG93 . . . .

HEDGING (paragraphs 71-102)

. . . .

Hedging instruments (paragraphs 72-77)

. . . .

Qualifying instruments (paragraphs 72 and 73)

. . . .

AG94 . . . .

AG95 . . . .

AG96 . . . .

AG97 . . . .

Hedged items (paragraphs 78-84)

. . . .

Qualifying items (paragraphs 78-80)

. . . .

AG98 . . . .

AG99 . . . .

AG99A . . . .

AG99B . . . .

AG99BA. . . . .

Designation of financial items as hedged items (paragraphs 81 and 81A)

. . . .

AG99C . . . .

AG99D . . . .

AG99E Paragraph 81 permits an entity to designate something other than the entire fair value change or cash flow variability of a financial instrument. For example:

. . . .

AG99F To be eligible for hedge accounting, the designated risks and portions must be separately identifiable components of the financial instrument, and changes in the cash flows or fair value of the entire financial instrument arising from changes in the designated risks and portions must be reliably measurable. For example:

. . . .

Designation of non-financial items as hedged items (paragraph 82)

. . . .

AG100 . . . .

Designation of groups of items as hedged items (paragraphs 83 and 84)

. . . .

AG101 . . . .

Hedge accounting (paragraphs 85-102)

. . . .

AG102 . . . .

AG103 . . . .

AG104 . . . .

Assessing hedge effectiveness

. . . .

AG105 A hedge is regarded as highly effective only if both of the following conditions are met:

. . . .

AG106 . . . .

AG107 . . . .

AG107A . . . .

AG108 If the principal terms of the hedging instrument and of the hedged asset, liability, firm commitment or highly probable forecast transaction are the same, the changes in fair value and cash flows attributable to the risk being hedged may be likely to offset each other fully, both when the hedge is entered into and afterwards. For example, an interest rate swap is likely to be an effective hedge if the notional and principal amounts, term, repricing dates, dates of interest and principal receipts and payments, and basis for measuring interest rates are the same for the hedging instrument and the hedged item. In addition, a hedge of a highly probable forecast purchase of a commodity with a forward contract is likely to be highly effective if:

. . . .

AG109 . . . .

AG110 . . . .

AG110A . . . .

AG110B . . . .

AG111 . . . .

AG112 . . . .

AG113 . . . .

AG113A . . . .

Fair value hedge accounting for a portfolio hedge of interest rate risk

. . . .

AG114 For a fair value hedge of interest rate risk associated with a portfolio of financial assets or financial liabilities, an entity would meet the requirements of this Standard if it complies with the procedures set out in (a)–(i) and paragraphs AG115–AG132 below.

. . . .

AG115 . . . .

AG116 . . . .

AG117 . . . .

AG118 . . . .

AG119 The entity also complies with the other designation and documentation requirements set out in paragraph 88(a). For a portfolio hedge of interest rate risk, this designation and documentation specifies the entity's policy for all of the variables that are used to identify the amount that is hedged and how effectiveness is measured, including the following:

. . . .

AG120 . . . .

AG121 . . . .

AG122 . . . .

AG123 . . . .

AG124 Paragraph AG114(i) notes that ineffectiveness arises to the extent that the change in the fair value of the hedged item that is attributable to the hedged risk differs from the change in the fair value of the hedging derivative. Such a difference may arise for a number of reasons, including:

. . . .

AG125 Generally, the effectiveness of the hedge will be improved:

. . . .

AG126 . . . .

AG127 . . . .

AG128 . . . .

AG129 . . . .

AG130 . . . .

AG131 . . . .

AG132 . . . .
TRANSITION (paragraphs 103–108C)

. . . .

AG133 . . . .

INTERNATIONAL ACCOUNTING STANDARD 40

Investment property

OBJECTIVE

. . . .

1. . . . .

SCOPE

. . . .

2. . . . .

3. . . . .

4. This Standard does not apply to:

. . . .

DEFINITIONS

. . . .

5. **The following terms are used in this Standard with the meanings specified:**

. . . .

CLASSIFICATION OF PROPERTY AS INVESTMENT PROPERTY OR OWNER-OCCUPIED PROPERTY

. . . .

6. . . . .

7. . . . .

8. The following are examples of investment property:

. . . .

9. The following are examples of items that are not investment property and are therefore outside the scope of this Standard:

. . . .

10. . . . .

11. . . . .

12. . . . .

13. . . . .

14. . . . .

14A . . . .

15. . . . .

RECOGNITION

. . . .

16. **An owned investment property shall be recognised as an asset when, and only when:**

. . . .

17. . . . .

18. . . . .

19. . . . .

19A . . . .

MEASUREMENT AT RECOGNITION

. . . .

20. . . . .

21. . . . .

22. . . . .

23. The cost of an investment property is not increased by:

. . . .

24. . . . .

25. . . . .

26. . . . .

27. . . . .

28. An entity determines whether an exchange transaction has commercial substance by considering the extent to which its future cash flows are expected to change as a result of the transaction. An exchange transaction has commercial substance if:

. . . .

29. . . . .

29A . . . .

MEASUREMENT AFTER RECOGNITION

. . . .

Accounting policy

. . . .

30. . . . .

31. . . . .

32. . . . .

32A **An entity may:**

. . . .

32B . . . .

32C . . . .

Fair value model

. . . .

33. . . . .

34. . . . .

35. . . . .

36–39. . . . .

40. . . . .

40A . . . .

41. . . . .

42–47. . . . .

48. . . . .

49. . . . .

50. In determining the carrying amount of investment property under the fair value model, an entity does not double-count assets or liabilities that are recognised as separate assets or liabilities. For example:

. . . .

51. . . . .

52. . . . .

Inability to measure fair value reliably

. . . .

53. . . . .

53A . . . .

53B . . . .

54. . . . .

55. . . . .

Cost model

. . . .

56. **After initial recognition, an entity that chooses the cost model shall measure investment property:**

. . . .

TRANSFERS

. . . .

57. **Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:**

. . . .

58. . . . .

59. . . . .

60. . . . .

61. . . . .

62. Up to the date when an owner-occupied property becomes an investment property carried at fair value, an entity depreciates the property (or the right-of-use asset) and recognises any impairment losses that have occurred. The entity treats any difference at that date between the carrying amount of the property in accordance with IAS 16 or IFRS 16 and its fair value in the same way as a revaluation in accordance with IAS 16. In other words:

. . . .

63. . . . .

64. . . . .

65. . . . .

DISPOSALS

. . . .

66. . . . .

67. . . . .

68. . . . .

69. . . . .

70. . . . .

71. . . . .

72. . . . .

73. Impairments or losses of investment property, related claims for or payments of compensation from third parties and any subsequent purchase or construction of replacement assets are separate economic events and are accounted for separately as follows:

. . . .

DISCLOSURE

. . . .

Fair value model and cost model

. . . .

74. . . . .

75. **An entity shall disclose:**

. . . .

Fair value model

. . . .

76. **In addition to the disclosures required by paragraph 75, an entity that applies the fair value model in paragraphs 33–55 shall disclose a reconciliation between the carrying amounts of investment property at the beginning and end of the period, showing the following:**

. . . .

77. . . . .

78. **In the exceptional cases referred to in paragraph 53, when an entity measures investment property using the cost model in IAS 16 or in accordance with IFRS 16, the reconciliation required by paragraph 76 shall disclose amounts relating to that investment property separately from amounts relating to other investment property. In addition, an entity shall disclose:**

. . . .

Cost model

. . . .

79. **In addition to the disclosures required by paragraph 75, an entity that applies the cost model in paragraph 56 shall disclose:**

. . . .

TRANSITIONAL PROVISIONS

. . . .

Fair value model

. . . .

80. **An entity that has previously applied IAS 40 (2000) and elects for the first time to classify and account for some or all eligible property interests held under operating leases as investment property shall recognise the effect of that election as an adjustment to the opening balance of retained earnings for the period in which the election is first made. In addition:**

. . . .

81. . . . .

82. . . . .

Cost model

. . . .

83. . . . .

84. . . . .

Business Combinations

. . . .

84A . . . .

IFRS 16

. . . .

84B . . . .

EFFECTIVE DATE

. . . .

85. . . . .

85A . . . .

85B . . . .

85C . . . .

85D . . . .

85E . . . .

85F . . . .

WITHDRAWAL OF IAS 40 (2000)

. . . .

86. . . . .

INTERNATIONAL ACCOUNTING STANDARD 41

Agriculture

OBJECTIVE

. . . .

SCOPE

. . . .

1. **This Standard shall be applied to account for the following when they relate to agricultural activity:**

. . . .

2. This Standard does not apply to:

. . . .

3. . . . .

4. The table below provides examples of biological assets, agricultural produce, and products that are the result of processing after harvest:

. . . .

DEFINITIONS

. . . .

Agriculture-related definitions

. . . .

5 **The following terms are used in this Standard with the meanings specified:**

. . . .

5A The following are not bearer plants:

. . . .

5B . . . .

5C . . . .

6 Agricultural activity covers a diverse range of activities; for example, raising livestock, forestry, annual or perennial cropping, cultivating orchards and plantations, floriculture, and aquaculture (including fish farming). Certain common features exist within this diversity:

. . . .

7 Biological transformation results in the following types of outcomes:

. . . .

General definitions

. . . .

8 **The following terms are used in this Standard with the meanings specified:**

. . . .

9 . . . .

RECOGNITION AND MEASUREMENT

. . . .

10 An entity shall recognise a biological asset or agricultural produce when, and only when:

. . . .

11 . . . .

12 . . . .

13 . . . .

14 . . . .

15 . . . .

16 . . . .

17 . . . .

18 If an active market does not exist, an entity uses one or more of the following, when available, in determining fair value:

. . . .

19 . . . .

20 . . . .

21 . . . .

22 . . . .

23 . . . .

24 Cost may sometimes approximate fair value, particularly when:

. . . .

25 . . . .

Gains and losses

. . . .

26 . . . .

27 . . . .

28 . . . .

29 . . . .

Inability to measure fair value reliably

. . . .

30 . . . .

31 . . . .

32 . . . .

33 . . . .

GOVERNMENT GRANTS

. . . .

34 . . . .

35 . . . .

36 . . . .

37 . . . .

38 . . . .

DISCLOSURE

. . . .

39 . . . .

General

. . . .

40 . . . .

41 . . . .

42 . . . .

43 . . . .

44 . . . .

45 . . . .

46 If not disclosed elsewhere in information published with the financial statements, an entity shall describe:

. . . .

47 . . . .

48 . . . .

49 An entity shall disclose:

. . . .

50 An entity shall present a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period. The reconciliation shall include:

. . . .

51 . . . .

52 . . . .

53 . . . .

Additional disclosures for biological assets where fair value cannot be measured reliably

. . . .

54 If an entity measures biological assets at their cost less any accumulated depreciation and any accumulated impairment losses (see paragraph 30) at the end of the period, the entity shall disclose for such biological assets:

. . . .

55 If, during the current period, an entity measures biological assets at their cost less any accumulated depreciation and any accumulated impairment losses (see paragraph 30), an entity shall disclose any gain or loss recognised on disposal of such biological assets and the reconciliation required by paragraph 50 shall disclose amounts related to such biological assets separately. In addition, the reconciliation shall include the following amounts included in profit or loss related to those biological assets:

. . . .

56 If the fair value of biological assets previously measured at their cost less any accumulated depreciation and any accumulated impairment losses becomes reliably measurable during the current period, an entity shall disclose for those biological assets:

. . . .

Government grants

. . . .

57 An entity shall disclose the following related to agricultural activity covered by this standard:

. . . .

EFFECTIVE DATE AND TRANSITION

. . . .

58 . . . .

59 . . . .

60 . . . .

61 . . . .

62 . . . .

63 . . . .

64 . . . .

INTERNATIONAL FINANCIAL REPORTING STANDARD 1

First-time Adoption of International Financial Reporting Standards

OBJECTIVE

. . . .

1 The objective of this IFRS is to ensure that an entity's *first IFRS financial statements* , and its interim financial reports for part of the period covered by those financial statements, contain high quality information that:

. . . .

SCOPE

. . . .

2 An entity shall apply this IFRS in:

. . . .

3 An entity's first IFRS financial statements are the first annual financial statements in which the entity adopts IFRSs, by an explicit and unreserved statement in those financial statements of compliance with IFRSs. Financial statements in accordance with IFRSs are an entity's first IFRS financial statements if, for example, the entity:

. . . .

4 This IFRS applies when an entity first adopts IFRSs. It does not apply when, for example, an entity:

. . . .

4A . . . .

4B . . . .

5 This IFRS does not apply to changes in accounting policies made by an entity that already applies IFRSs. Such changes are the subject of:

. . . .

RECOGNITION AND MEASUREMENT

. . . .

Opening IFRS statement of financial position

. . . .

6 . . . .

Accounting policies

. . . .

7 . . . .

8 An entity shall not apply different versions of IFRSs that were effective at earlier dates. An entity may apply a new IFRS that is not yet mandatory if that IFRS permits early application.

. . . .

Example: Consistent application of latest version of IFRSs

. . . .

Background

. . . .

Application of requirements

. . . .

9 . . . .

10 Except as described in paragraphs 13–19 and Appendices B–E, an entity shall, in its opening IFRS statement of financial position:

. . . .

11 . . . .

12 This IFRS establishes two categories of exceptions to the principle that an entity's opening IFRS statement of financial position shall comply with each IFRS:

. . . .

Exceptions to the retrospective application of other IFRSs

. . . .

13 . . . .

Estimates

. . . .

14 . . . .

15 . . . .

16 . . . .

17 . . . .

Exemptions from other IFRSs

. . . .

18 . . . .

19 . . . .

PRESENTATION AND DISCLOSURE

. . . .

20 . . . .

Comparative information

. . . .

21 . . . .

Non-IFRS comparative information and historical summaries

. . . .

22 Some entities present historical summaries of selected data for periods before the first period for which they present full comparative information in accordance with IFRSs. This IFRS does not require such summaries to comply with the recognition and measurement requirements of IFRSs. Furthermore, some entities present comparative information in accordance with previous GAAP as well as the comparative information required by IAS 1. In any financial statements containing historical summaries or comparative information in accordance with previous GAAP, an entity shall:

. . . .

Explanation of transition to IFRSs

. . . .

23 . . . .

23A An entity that has applied IFRSs in a previous period, as described in paragraph 4A, shall disclose:

. . . .

23B . . . .

Reconciliations

. . . .

24 To comply with paragraph 23, an entity's first IFRS financial statements shall include:

. . . .

25 . . . .

26 . . . .

27 . . . .

27A . . . .

28 . . . .

Designation of financial assets or financial liabilities

. . . .

29 . . . .

29A . . . .

Use of fair value as deemed cost

. . . .

30 If an entity uses fair value in its opening IFRS statement of financial position as *deemed cost* for an item of property, plant and equipment, an investment property, an intangible asset or a right-of-use asset (see paragraphs D5 and D7), the entity's first IFRS financial statements shall disclose, for each line item in the opening IFRS statement of financial position:

. . . .

Use of deemed cost for investments in subsidiaries, joint ventures and associates

. . . .

31 Similarly, if an entity uses a deemed cost in its opening IFRS statement of financial position for an investment in a subsidiary, joint venture or associate in its separate financial statements (see paragraph D15), the entity's first IFRS separate financial statements shall disclose:

. . . .

Use of deemed cost for oil and gas assets

. . . .

31A . . . .

Use of deemed cost for operations subject to rate regulation

. . . .

31B . . . .

Use of deemed cost after severe hyperinflation

. . . .

31C If an entity elects to measure assets and liabilities at fair value and to use that fair value as the deemed cost in its opening IFRS statement of financial position because of severe hyperinflation (see paragraphs D26–D30), the entity's first IFRS financial statements shall disclose an explanation of how, and why, the entity had, and then ceased to have, a functional currency that has both of the following characteristics:

. . . .

Interim financial reports

. . . .

32 To comply with paragraph 23, if an entity presents an interim financial report in accordance with IAS 34 for part of the period covered by its first IFRS financial statements, the entity shall satisfy the following requirements in addition to the requirements of IAS 34:

. . . .

33 . . . .

EFFECTIVE DATE

. . . .

34 . . . .

35 . . . .

36 . . . .

37 . . . .

38 . . . .

39 . . . .

39A . . . .

39C . . . .

39E . . . .

39F . . . .

39H . . . .

39I . . . .

39J . . . .

39K . . . .

39L . . . .

39M . . . .

39N . . . .

39O . . . .

39P . . . .

39Q . . . .

39R . . . .

39S . . . .

39T . . . .

39W . . . .

39X . . . .

39Y . . . .

39Z . . . .

39AA . . . .

39AB . . . .

39AC . . . .

39AD . . . .

39AF . . . .

WITHDRAWAL OF IFRS 1 (ISSUED 2003)

. . . .

40 . . . .

Appendix A

Defined terms

. . . .

Appendix B

Exceptions to the retrospective application of other IFRSs

. . . .

B1 An entity shall apply the following exceptions:

. . . .

Derecognition of financial assets and financial liabilities

. . . .

B2 . . . .

B3 . . . .

Hedge accounting

. . . .

B4 As required by IFRS 9, at the date of transition to IFRSs an entity shall:

. . . .

B5 . . . .

B6 . . . .

Non-controlling interests

. . . .

B7 A first-time adopter shall apply the following requirements of IFRS 10 prospectively from the date of transition to IFRSs:

. . . .

Classification and measurement of financial instruments

. . . .

B8 . . . .

B8A . . . .

B8B . . . .

B8C . . . .

Impairment of financial assets

. . . .

B8D . . . .

B8E . . . .

B8F When determining whether there has been a significant increase in credit risk since initial recognition, an entity may apply:

. . . .

B8G . . . .

Embedded derivatives

. . . .

B9 . . . .

Government loans

. . . .

B10 . . . .

B11 . . . .

B12 . . . .

Appendix C

Exemptions for business combinations

. . . .

C1 . . . .

C2 . . . .

C3 An entity may apply IAS 21 retrospectively to fair value adjustments and goodwill arising in either:

. . . .

C4 If a first-time adopter does not apply IFRS 3 retrospectively to a past business combination, this has the following consequences for that business combination:

. . . .

C5 . . . .

Appendix D

Exemptions from other IFRSs

. . . .

D1 An entity may elect to use one or more of the following exemptions:

. . . .

Share-based payment transactions

. . . .

D2 . . . .

D3 . . . .

Insurance contracts

. . . .

D4 . . . .

Fair value or revaluation as deemed cost

. . . .

D5 . . . .

D6 A first-time adopter may elect to use a previous GAAP revaluation of an item of property, plant and equipment at, or before, the date of transition to IFRSs as deemed cost at the date of the revaluation, if the revaluation was, at the date of the revaluation, broadly comparable to:

. . . .

D7 The elections in paragraphs D5 and D6 are also available for:

. . . .

D8 A first-time adopter may have established a deemed cost in accordance with previous GAAP for some or all of its assets and liabilities by measuring them at their fair value at one particular date because of an event such as a privatisation or initial public offering.

. . . .

Deemed cost

. . . .

D8A Under some national accounting requirements exploration and development costs for oil and gas properties in the development or production phases are accounted for in cost centres that include all properties in a large geographical area. A first-time adopter using such accounting under previous GAAP may elect to measure oil and gas assets at the date of transition to IFRSs on the following basis:

. . . .

D8B . . . .

Leases

. . . .

D9 . . . .

D9A . . . .

D9B When a first-time adopter that is a lessee recognises lease liabilities and right-of-use assets, it may apply the following approach to all of its leases (subject to the practical expedients described in paragraph D9D):

. . . .

D9C . . . .

D9D A first-time adopter that is a lessee may do one or more of the following at the date of transition to IFRSs, applied on a lease-by-lease basis:

. . . .

D9E . . . .

Employee benefits

. . . .

D10 . . . .

D11 . . . .

Cumulative translation differences

. . . .

D12 IAS 21 requires an entity:

. . . .

D13 However, a first-time adopter need not comply with these requirements for cumulative translation differences that existed at the date of transition to IFRSs. If a first-time adopter uses this exemption:

. . . .

Investments in subsidiaries, joint ventures and associates

. . . .

D14 When an entity prepares separate financial statements, IAS 27 requires it to account for its investments in subsidiaries, joint ventures and associates either:

. . . .

D15 If a first-time adopter measures such an investment at cost in accordance with IAS 27, it shall measure that investment at one of the following amounts in its separate opening IFRS statement of financial position:

. . . .

D15A If a first-time adopter accounts for such an investment using the equity method procedures as described in IAS 28:

. . . .

Assets and liabilities of subsidiaries, associates and joint ventures

. . . .

D16 If a subsidiary becomes a first-time adopter later than its parent, the subsidiary shall, in its financial statements, measure its assets and liabilities at either:

. . . .

D17 . . . .

Compound financial instruments

. . . .

D18 . . . .

Designation of previously recognised financial instruments

. . . .

D19 . . . .

D19A . . . .

D19B . . . .

D19C . . . .

Fair value measurement of financial assets or financial liabilities at initial recognition

. . . .

D20 . . . .

Decommissioning liabilities included in the cost of property, plant and equipment

. . . .

D21 IFRIC 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* requires specified changes in a decommissioning, restoration or similar liability to be added to or deducted from the cost of the asset to which it relates; the adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. A first-time adopter need not comply with these requirements for changes in such liabilities that occurred before the date of transition to IFRSs. If a first-time adopter uses this exemption, it shall:

. . . .

D21A An entity that uses the exemption in paragraph D8A(b) (for oil and gas assets in the development or production phases accounted for in cost centres that include all properties in a large geographical area under previous GAAP) shall, instead of applying paragraph D21 or IFRIC 1:

. . . .

Financial assets or intangible assets accounted for in accordance with IFRIC 12

. . . .

D22 . . . .

Borrowing costs

. . . .

D23 A first-time adopter can elect to apply the requirements of IAS 23 from the date of transition or from an earlier date as permitted by paragraph 28 of IAS 23. From the date on which an entity that applies this exemption begins to apply IAS 23, the entity:

. . . .

Transfers of assets from customers

. . . .

D24 . . . .

Extinguishing financial liabilities with equity instruments

. . . .

D25 . . . .

Severe hyperinflation

. . . .

D26 . . . .

D27 The currency of a hyperinflationary economy is subject to severe hyperinflation if it has both of the following characteristics:

. . . .

D28 . . . .

D29 . . . .

D30 . . . .

Joint arrangements

. . . .

D31 A first-time adopter may apply the transition provisions in IFRS 11 with the following exceptions:

. . . .

Stripping costs in the production phase of a surface mine

. . . .

D32 . . . .

Designation of contracts to buy or sell a non-financial item

. . . .

D33 . . . .

Revenue

. . . .

D34 . . . .

D35 . . . .

Foreign Currency Transactions and Advance Consideration

. . . .

D36 . . . .

Appendix E

Short-term exemptions from IFRSs

. . . .

Exemption from the requirement to restate comparative information for IFRS 9

. . . .

E1 . . . .

E2 An entity that chooses to present comparative information that does not comply with IFRS 7 and the completed version of IFRS 9 (issued in 2014) in its first year of transition shall:

. . . .

E3 . . . .

E4 . . . .

E4A . . . .

E5 . . . .

E6 . . . .

E7 . . . .

Uncertainty over income tax treatments

. . . .

E8 . . . .

INTERNATIONAL FINANCIAL REPORTING STANDARD 2

Share-based payment

OBJECTIVE

. . . .

1 . . . .

SCOPE

. . . .

2 An entity shall apply this IFRS in accounting for all share-based payment transactions, whether or not the entity can identify specifically some or all of the goods or services received, including:

. . . .

3 . . . .

3A A share-based payment transaction may be settled by another group entity (or a shareholder of any group entity) on behalf of the entity receiving or acquiring the goods or services. Paragraph 2 also applies to an entity that

. . . .

4 . . . .

5 . . . .

6 . . . .

6A . . . .

RECOGNITION

. . . .

7 . . . .

8 . . . .

9 . . . .

EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

. . . .

Overview

. . . .

10 . . . .

11 . . . .

12 . . . .

13 . . . .

13A . . . .

Transactions in which services are received

. . . .

14 . . . .

15 If the equity instruments granted do not vest until the counterparty completes a specified period of service, the entity shall presume that the services to be rendered by the counterparty as consideration for those equity instruments will be received in the future, during the *vesting period* . The entity shall account for those services as they are rendered by the counterparty during the vesting period, with a corresponding increase in equity. For example:

. . . .

Transactions measured by reference to the fair value of the equity instruments granted

. . . .

Determining the fair value of equity instruments granted

. . . .

16 . . . .

17 . . . .

18 . . . .

Treatment of vesting conditions

. . . .

19 . . . .

20 . . . .

21 . . . .

Treatment of non-vesting conditions

. . . .

21A . . . .

Treatment of a reload feature

. . . .

22 . . . .

After vesting date

. . . .

23 . . . .

If the fair value of the equity instruments cannot be estimated reliably

. . . .

24 The requirements in paragraphs 16-23 apply when the entity is required to measure a share-based payment transaction by reference to the fair value of the equity instruments granted. In rare cases, the entity may be unable to estimate reliably the fair value of the equity instruments granted at the measurement date, in accordance with the requirements in paragraphs 16-22. In these rare cases only, the entity shall instead:

. . . .

25 If an entity applies paragraph 24, it is not necessary to apply paragraphs 26-29, because any modifications to the terms and conditions on which the equity instruments were granted will be taken into account when applying the intrinsic value method set out in paragraph 24. However, if an entity settles a grant of equity instruments to which paragraph 24 has been applied:

. . . .

Modifications to the terms and conditions on which equity instruments were granted, including cancellations and settlements

. . . .

26 . . . .

27 . . . .

28 If a grant of equity instruments is cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied)...

. . . .

28A . . . .

29 . . . .

CASH-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

. . . .

30 . . . .

31 . . . .

32 . . . .

33 . . . .

TREATMENT OF VESTING AND NON-VESTING CONDITIONS

. . . .

33A . . . .

33B . . . .

33C . . . .

33D . . . .

SHARE-BASED PAYMENT TRANSACTIONS WITH A NET SETTLEMENT FEATURE FOR WITHHOLDING TAX OBLIGATIONS

. . . .

33E . . . .

33F . . . .

33G . . . .

33H The exception in paragraph 33F does not apply to:

. . . .

SHARE-BASED PAYMENT TRANSACTIONS WITH CASH ALTERNATIVES

. . . .

34 . . . .

Share-based payment transactions in which the terms of the arrangement provide the counterparty with a choice of settlement

. . . .

35 . . . .

36 . . . .

37 . . . .

38 . . . .

39 . . . .

40 . . . .

Share-based payment transactions in which the terms of the arrangement provide the entity with a choice of settlement

. . . .

41 . . . .

42 . . . .

43 If no such obligation exists, the entity shall account for the transaction in accordance with the requirements applying to equity-settled share-based payment transactions, in paragraphs 10-29. Upon settlement:

. . . .

SHARE-BASED PAYMENT TRANSACTIONS AMONG GROUP ENTITIES (2009 AMENDMENTS)

. . . .

43A For share-based payment transactions among group entities, in its separate or individual financial statements, the entity receiving the goods or services shall measure the goods or services received as either an equity-settled or a cash-settled share-based payment transaction by assessing:

. . . .

43B The entity receiving the goods or services shall measure the goods or services received as an equity-settled share-based payment transaction when:

. . . .

43C . . . .

43D . . . .

DISCLOSURES

. . . .

44 . . . .

45 To give effect to the principle in paragraph 44, the entity shall disclose at least the following:

. . . .

46 . . . .

47 If the entity has measured the fair value of goods or services received as consideration for equity instruments of the entity indirectly, by reference to the fair value of the equity instruments granted, to give effect to the principle in paragraph 46, the entity shall disclose at least the following:

. . . .

48 . . . .

49 . . . .

50 . . . .

51 To give effect to the principle in paragraph 50, the entity shall disclose at least the following:

. . . .

52 . . . .

TRANSITIONAL PROVISIONS

. . . .

53 . . . .

54 . . . .

55 . . . .

56 . . . .

57 . . . .

58 . . . .

59 . . . .

59A An entity shall apply the amendments in paragraphs 30-31, 33-33H and B44A-B44C as set out below. Prior periods shall not be restated.

. . . .

59B . . . .

EFFECTIVE DATE

. . . .

60 . . . .

61 . . . .

62 An entity shall apply the following amendments retrospectively in annual periods beginning on or after 1 January 2009 :

. . . .

63 An entity shall apply the following amendments made by *Group Cash-settled Share-based Payment Transactions* issued in June 2009 retrospectively, subject to the transitional provisions in paragraphs 53-59, in accordance with IAS 8 for annual periods beginning on or after 1 January 2010 :

. . . .

63A . . . .

63B . . . .

63C . . . .

63D . . . .

WITHDRAWAL OF INTERPRETATIONS

. . . .

64 *Group Cash-settled Share-based Payment Transactions* issued in June 2009 supersedes IFRIC 8 *Scope of IFRS 2* and IFRIC 11 *IFRS 2 — Group and Treasury Share Transactions* . The amendments made by that document incorporated the previous requirements set out in IFRIC 8 and IFRIC 11 as follows:

. . . .

Appendix A

Defined terms

. . . .

Appendix B

Application Guidance

. . . .

Estimating the fair value of equity instruments granted

. . . .

B1 . . . .

Shares

. . . .

B2 . . . .

B3 . . . .

Share options

. . . .

B4 . . . .

B5 . . . .

B6 All option pricing models take into account, as a minimum, the following factors:

. . . .

B7 . . . .

B8 . . . .

B9 . . . .

B10 . . . .

Inputs to option pricing models

. . . .

B11 . . . .

B12 . . . .

B13 . . . .

B14 . . . .

B15 . . . .

Expected early exercise

. . . .

B16 . . . .

B17 . . . .

B18 Factors to consider in estimating early exercise include:

. . . .

B19 . . . .

B20 . . . .

B21 . . . .

Expected volatility

. . . .

B22 . . . .

B23 . . . .

B24 . . . .

B25 Factors to consider in estimating expected volatility include:

. . . .

Newly listed entities

. . . .

B26 . . . .

Unlisted entities

. . . .

B27 . . . .

B28 . . . .

B29 . . . .

B30 . . . .

Expected dividends

. . . .

B31 . . . .

B32 . . . .

B33 . . . .

B34 . . . .

B35 . . . .

B36 . . . .

Risk-free interest rate

. . . .

B37 . . . .

Capital structure effects

. . . .

B38 . . . .

B39 . . . .

B40 . . . .

B41 . . . .

Modifications to equity-settled share-based payment arrangements

. . . .

B42 . . . .

B43 To apply the requirements of paragraph 27:

. . . .

B44 Furthermore, if the entity modifies the terms or conditions of the equity instruments granted in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the entity shall nevertheless continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred (other than a cancellation of some or all the equity instruments granted, which shall be accounted for in accordance with paragraph 28). For example:

. . . .

Accounting for a modification of a share-based payment transaction that changes its classification from cash-settled to equity-settled

. . . .

B44A If the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Specifically:

. . . .

B44B . . . .

B44C . . . .

Share-based payment transactions among group entities (2009 amendments)

. . . .

B45 . . . .

B46 . . . .

B47 . . . .

Share-based payment arrangements involving an entity's own equity instruments

. . . .

B48 The first issue is whether the following transactions involving an entity's own equity instruments should be accounted for as equity-settled or as cash-settled in accordance with the requirements of this IFRS:

. . . .

B49 The entity shall account for share-based payment transactions in which it receives services as consideration for its own equity instruments as equity-settled. This applies regardless of whether the entity chooses or is required to buy those equity instruments from another party to satisfy its obligations to its employees under the share-based payment arrangement. It also applies regardless of whether:

. . . .

B50 . . . .

Share-based payment arrangements involving equity instruments of the parent

. . . .

B51 . . . .

B52 Therefore, the second issue concerns the following share-based payment arrangements:

. . . .

A parent grants rights to its equity instruments to the employees of its subsidiary (paragraph B52(a))

. . . .

B53 . . . .

B54 . . . .

A subsidiary grants rights to equity instruments of its parent to its employees (paragraph B52(b))

. . . .

B55 . . . .

Share-based payment arrangements involving cash-settled payments to employees

. . . .

B56 The third issue is how an entity that receives goods or services from its suppliers (including employees) should account for share-based arrangements that are cash-settled when the entity itself does not have any obligation to make the required payments to its suppliers. For example, consider the following arrangements in which the parent (not the entity itself) has an obligation to make the required cash payments to the employees of the entity:

. . . .

B57 . . . .

B58 . . . .

Transfer of employees between group entities

. . . .

B59 . . . .

B60 . . . .

B61 . . . .

INTERNATIONAL FINANCIAL REPORTING STANDARD 3

Business Combinations

OBJECTIVE

. . . .

1. The objective of this IFRS is to improve the relevance, reliability and comparability of the information that a reporting entity provides in its financial statements about a *business combination* and its effects. To accomplish that, this IFRS establishes principles and requirements for how the *acquirer* :

. . . .

SCOPE

. . . .

2. This IFRS applies to a transaction or other event that meets the definition of a business combination. This IFRS does not apply to:

. . . .

2A. . . . .

IDENTIFYING A BUSINESS COMBINATION

. . . .

3. . . . .

THE ACQUISITION METHOD

. . . .

4. . . . .

5. Applying the acquisition method requires:

. . . .

Identifying the acquirer

. . . .

6. . . . .

7. . . . .

Determining the acquisition date

. . . .

8. . . . .

9. . . . .

Recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree

. . . .

Recognition principle

. . . .

10. . . . .

Recognition conditions

. . . .

11. . . . .

12. . . . .

13. . . . .

14. . . . .

Classifying or designating identifiable assets acquired and liabilities assumed in a business combination

. . . .

15. . . . .

16. In some situations, IFRSs provide for different accounting depending on how an entity classifies or designates a particular asset or liability. Examples of classifications or designations that the acquirer shall make on the basis of the pertinent conditions as they exist at the acquisition date include but are not limited to:

. . . .

17. This IFRS provides two exceptions to the principle in paragraph 15:

. . . .

Measurement principle

. . . .

18. . . . .

19. For each business combination, the acquirer shall measure at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either:

. . . .

20. . . . .

Exceptions to the recognition or measurement principles

. . . .

21. This IFRS provides limited exceptions to its recognition and measurement principles. Paragraphs 22–31 specify both the particular items for which exceptions are provided and the nature of those exceptions. The acquirer shall account for those items by applying the requirements in paragraphs 22–31, which will result in some items being:

. . . .

Exception to the recognition principle

. . . .

Contingent liabilities

. . . .

22. IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* defines a contingent liability as:

. . . .

23. . . . .

Exceptions to both the recognition and measurement principles

. . . .

Income taxes

. . . .

24. . . . .

25. . . . .

Employee benefits

. . . .

26. . . . .

Indemnification assets

. . . .

27. . . . .

28. . . . .

Leases in which the acquiree is the lessee

. . . .

28A. The acquirer shall recognise right-of-use assets and lease liabilities for leases identified in accordance with IFRS 16 in which the acquiree is the lessee. The acquirer is not required to recognise right-of-use assets and lease liabilities for:

. . . .

28B. . . . .

Exceptions to the measurement principle

. . . .

Reacquired rights

. . . .

29. . . . .

Share-based payment transactions

. . . .

30. . . . .

Assets held for sale

. . . .

31. . . . .

Recognising and measuring goodwill or a gain from a bargain purchase

. . . .

32. **The acquirer shall recognise goodwill as of the acquisition date measured as the excess of (a) over (b) below:**

. . . .

33. . . . .

Bargain purchases

. . . .

34. . . . .

35. . . . .

36. Before recognising a gain on a bargain purchase, the acquirer shall reassess whether it has correctly identified all of the assets acquired and all of the liabilities assumed and shall recognise any additional assets or liabilities that are identified in that review. The acquirer shall then review the procedures used to measure the amounts this IFRS requires to be recognised at the acquisition date for all of the following:

. . . .

Consideration transferred

. . . .

37. . . . .

38. . . . .

Contingent consideration

. . . .

39. . . . .

40. . . . .

Additional guidance for applying the acquisition method to particular types of business combinations

. . . .

A business combination achieved in stages

. . . .

41. . . . .

42. . . . .

42A. . . . .

A business combination achieved without the transfer of consideration

. . . .

43. An acquirer sometimes obtains control of an acquiree without transferring consideration. The acquisition method of accounting for a business combination applies to those combinations. Such circumstances include:

. . . .

44. . . . .

Measurement period

. . . .

45. . . . .

46. The measurement period is the period after the acquisition date during which the acquirer may adjust the provisional amounts recognised for a business combination. The measurement period provides the acquirer with a reasonable time to obtain the information necessary to identify and measure the following as of the acquisition date in accordance with the requirements of this IFRS:

. . . .

47. . . . .

48. . . . .

49. . . . .

50. . . . .

Determining what is part of the business combination transaction

. . . .

51. . . . .

52. A transaction entered into by or on behalf of the acquirer or primarily for the benefit of the acquirer or the combined entity, rather than primarily for the benefit of the acquiree (or its former owners) before the combination, is likely to be a separate transaction. The following are examples of separate transactions that are not to be included in applying the acquisition method:

. . . .

Acquisition-related costs

. . . .

53. . . . .

SUBSEQUENT MEASUREMENT AND ACCOUNTING

. . . .

54. **In general, an acquirer shall subsequently measure and account for assets acquired, liabilities assumed or incurred and equity instruments issued in a business combination in accordance with other applicable IFRSs for those items, depending on their nature. However, this IFRS provides guidance on subsequently measuring and accounting for the following assets acquired, liabilities assumed or incurred and equity instruments issued in a business combination:**

. . . .

Reacquired rights

. . . .

55. . . . .

Contingent liabilities

. . . .

56. After initial recognition and until the liability is settled, cancelled or expires, the acquirer shall measure a contingent liability recognised in a business combination at the higher of:

. . . .

Indemnification assets

. . . .

57. . . . .

Contingent consideration

. . . .

58. Some changes in the fair value of contingent consideration that the acquirer recognises after the acquisition date may be the result of additional information that the acquirer obtained after that date about facts and circumstances that existed at the acquisition date. Such changes are measurement period adjustments in accordance with paragraphs 45–49. However, changes resulting from events after the acquisition date, such as meeting an earnings target, reaching a specified share price or reaching a milestone on a research and development project, are not measurement period adjustments. The acquirer shall account for changes in the fair value of contingent consideration that are not measurement period adjustments as follows:

. . . .

DISCLOSURES

. . . .

59. **The acquirer shall disclose information that enables users of its financial statements to evaluate the nature and financial effect of a business combination that occurs either:**

. . . .

60. . . . .

61. . . . .

62. . . . .

63. . . . .

EFFECTIVE DATE AND TRANSITION

. . . .

Effective date

. . . .

64. . . . .

64B. . . . .

64C. . . . .

64E. . . . .

64F. . . . .

64G. . . . .

64I. . . . .

64J. . . . .

64K. . . . .

64L. . . . .

64M. . . . .

64O. . . . .

64P. . . . .

Transition

. . . .

65. . . . .

65A. . . . .

65B. . . . .

65C. . . . .

65D. . . . .

65E. . . . .

66. . . . .

Income taxes

. . . .

67. . . . .

REFERENCE TO IFRS 9

. . . .

67A. . . . .

WITHDRAWAL OF IFRS 3 (2004)

. . . .

68. . . . .

Appendix A

Defined terms

. . . .

Appendix B

Application guidance

. . . .

BUSINESS COMBINATIONS OF ENTITIES UNDER COMMON CONTROL (APPLICATION OF PARAGRAPH 2(c))

. . . .

B1 . . . .

B2 . . . .

B3 . . . .

B4 . . . .

IDENTIFYING A BUSINESS COMBINATION (APPLICATION OF PARAGRAPH 3)

. . . .

B5 This IFRS defines a business combination as a transaction or other event in which an acquirer obtains control of one or more businesses. An acquirer might obtain control of an acquiree in a variety of ways, for example:

. . . .

B6 A business combination may be structured in a variety of ways for legal, taxation or other reasons, which include but are not limited to:

. . . .

DEFINITION OF A BUSINESS (APPLICATION OF PARAGRAPH 3)

. . . .

B7 A business consists of inputs and processes applied to those inputs that have the ability to contribute to the creation of outputs. The three elements of a business are defined as follows (see paragraphs B8–B12D for guidance on the elements of a business):

. . . .

Optional test to identify concentration of fair value

. . . .

B7A Paragraph B7B sets out an optional test (the concentration test) to permit a simplified assessment of whether an acquired set of activities and assets is not a business. An entity may elect to apply, or not apply, the test. An entity may make such an election separately for each transaction or other event. The concentration test has the following consequences:

. . . .

B7B The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. For the concentration test:

. . . .

B7C . . . .

Elements of a business

. . . .

B8 . . . .

B8A . . . .

B9 . . . .

B10 . . . .

B11 . . . .

Assessing whether an acquired process is substantive

. . . .

B12 . . . .

B12A . . . .

B12B If a set of activities and assets does not have outputs at the acquisition date, an acquired process (or group of processes) shall be considered substantive only if:

. . . .

B12C If a set of activities and assets has outputs at the acquisition date, an acquired process (or group of processes) shall be considered substantive if, when applied to an acquired input or inputs, it:

. . . .

B12D The following additional discussion supports both paragraphs B12B and B12C:

. . . .

IDENTIFYING THE ACQUIRER (APPLICATION OF PARAGRAPHS 6 AND 7)

. . . .

B13 . . . .

B14 . . . .

B15 In a business combination effected primarily by exchanging equity interests, the acquirer is usually the entity that issues its equity interests. However, in some business combinations, commonly called ‘reverse acquisitions’ the issuing entity is the acquiree. Paragraphs B19–B27 provide guidance on accounting for reverse acquisitions. Other pertinent facts and circumstances shall also be considered in identifying the acquirer in a business combination effected by exchanging equity interests, including:

. . . .

B16 . . . .

B17 . . . .

B18 . . . .

REVERSE ACQUISITIONS

. . . .

B19 A reverse acquisition occurs when the entity that issues securities (the legal acquirer) is identified as the acquiree for accounting purposes on the basis of the guidance in paragraphs B13–B18. The entity whose equity interests are acquired (the legal acquiree) must be the acquirer for accounting purposes for the transaction to be considered a reverse acquisition. For example, reverse acquisitions sometimes occur when a private operating entity wants to become a public entity but does not want to register its equity shares. To accomplish that, the private entity will arrange for a public entity to acquire its equity interests in exchange for the equity interests of the public entity. In this example, the public entity is the **legal acquirer** because it issued its equity interests, and the private entity is the **legal acquiree** because its equity interests were acquired. However, application of the guidance in paragraphs B13–B18 results in identifying:

. . . .

Measuring the consideration transferred

. . . .

B20 . . . .

Preparation and presentation of consolidated financial statements

. . . .

B21 . . . .

B22 Because the consolidated financial statements represent the continuation of the financial statements of the legal subsidiary except for its capital structure, the consolidated financial statements reflect:

. . . .

Non-controlling interest

. . . .

B23 . . . .

B24 . . . .

Earnings per share

. . . .

B25 . . . .

B26 In calculating the weighted average number of ordinary shares outstanding (the denominator of the earnings per share calculation) during the period in which the reverse acquisition occurs:

. . . .

B27 The basic earnings per share for each comparative period before the acquisition date presented in the consolidated financial statements following a reverse acquisition shall be calculated by dividing:

. . . .

RECOGNISING PARTICULAR ASSETS ACQUIRED AND LIABILITIES ASSUMED (APPLICATION OF PARAGRAPHS 10–13)

. . . .

Operating leases

. . . .

B28 . . . .

B29 . . . .

B30 . . . .

Intangible assets

. . . .

B31 . . . .

B32 An intangible asset that meets the contractual-legal criterion is identifiable even if the asset is not transferable or separable from the acquiree or from other rights and obligations. For example:

. . . .

B33 . . . .

B34 An intangible asset that is not individually separable from the acquiree or combined entity meets the separability criterion if it is separable in combination with a related contract, identifiable asset or liability. For example:

. . . .

Reacquired rights

. . . .

B35 . . . .

B36 . . . .

Assembled workforce and other items that are not identifiable

. . . .

B37 . . . .

B38 . . . .

B39 . . . .

B40 . . . .

MEASURING THE FAIR VALUE OF PARTICULAR IDENTIFIABLE ASSETS AND A NON-CONTROLLING INTEREST IN AN ACQUIREE (APPLICATION OF PARAGRAPHS 18 AND 19)

. . . .

Assets with uncertain cash flows (valuation allowances)

. . . .

B41 . . . .

Assets subject to operating leases in which the acquiree is the lessor

. . . .

B42 . . . .

Assets that the acquirer intends not to use or to use in a way that is different from the way other market participants would use them

. . . .

B43 . . . .

Non-controlling interest in an acquiree

. . . .

B44 . . . .

B45 . . . .

MEASURING GOODWILL OR A GAIN FROM A BARGAIN PURCHASE

. . . .

Measuring the acquisition-date fair value of the acquirer's interest in the acquiree using valuation techniques (application of paragraph 33)

. . . .

B46 . . . .

Special considerations in applying the acquisition method to combinations of mutual entities (application of paragraph 33)

. . . .

B47 . . . .

B48 . . . .

B49 . . . .

DETERMINING WHAT IS PART OF THE BUSINESS COMBINATION TRANSACTION (APPLICATION OF PARAGRAPHS 51 AND 52)

. . . .

B50 The acquirer should consider the following factors, which are neither mutually exclusive nor individually conclusive, to determine whether a transaction is part of the exchange for the acquiree or whether the transaction is separate from the business combination:

. . . .

Effective settlement of a pre-existing relationship between the acquirer and acquiree in a business combination (application of paragraph 52(a))

. . . .

B51 . . . .

B52 If the business combination in effect settles a pre-existing relationship, the acquirer recognises a gain or loss, measured as follows:

. . . .

B53 . . . .

Arrangements for contingent payments to employees or selling shareholders (application of paragraph 52(b))

. . . .

B54 . . . .

B55 If it is not clear whether an arrangement for payments to employees or selling shareholders is part of the exchange for the acquiree or is a transaction separate from the business combination, the acquirer should consider the following indicators:

. . . .

Acquirer share-based payment awards exchanged for awards held by the acquiree's employees (application of paragraph 52(b))

. . . .

B56 An acquirer may exchange its share-based payment awards (replacement awards) for awards held by employees of the acquiree. Exchanges of share options or other share-based payment awards in conjunction with a business combination are accounted for as modifications of share-based payment awards in accordance with IFRS 2 *Share-based Payment* . If the acquirer replaces the acquiree awards, either all or a portion of the market-based measure of the acquirer's replacement awards shall be included in measuring the consideration transferred in the business combination. Paragraphs B57–B62 provide guidance on how to allocate the market-based measure.

. . . .

B57 . . . .

B58 . . . .

B59 . . . .

B60 . . . .

B61 . . . .

B62 . . . .

Equity-settled share-based payment transactions of the acquiree

. . . .

B62A . . . .

B62B . . . .

OTHER IFRSS THAT PROVIDE GUIDANCE ON SUBSEQUENT MEASUREMENT AND ACCOUNTING (APPLICATION OF PARAGRAPH 54)

. . . .

B63 Examples of other IFRSs that provide guidance on subsequently measuring and accounting for assets acquired and liabilities assumed or incurred in a business combination include:

. . . .

DISCLOSURES (APPLICATION OF PARAGRAPHS 59 AND 61)

. . . .

B64 To meet the objective in paragraph 59, the acquirer shall disclose the following information for each business combination that occurs during the reporting period:

. . . .

B65 . . . .

B66 . . . .

B67 To meet the objective in paragraph 61, the acquirer shall disclose the following information for each material business combination or in the aggregate for individually immaterial business combinations that are material collectively:

. . . .

TRANSITIONAL PROVISIONS FOR BUSINESS COMBINATIONS INVOLVING ONLY MUTUAL ENTITIES OR BY CONTRACT ALONE (APPLICATION OF PARAGRAPH 66)

. . . .

B68 . . . .

B69 The requirement to apply this IFRS prospectively has the following effect for a business combination involving only mutual entities or by contract alone if the acquisition date for that business combination is before the application of this IFRS:

. . . .

INTERNATIONAL FINANCIAL REPORTING STANDARD 4

Insurance contracts

OBJECTIVE

. . . .

1 The objective of this IFRS is to specify the financial reporting for *insurance contracts* by any entity that issues such contracts (described in this IFRS as an *insurer*) until the Board completes the second phase of its project on insurance contracts. In particular, this IFRS requires:

. . . .

SCOPE

. . . .

2 An entity shall apply this IFRS to:

. . . .

3 This IFRS does not address other aspects of accounting by insurers, such as accounting for financial assets held by insurers and financial liabilities issued by insurers (see IAS 32 *Financial Instruments: Presentation* , IFRS 7 and IFRS 9 *Financial Instruments*), except:

. . . .

4 An entity shall not apply this IFRS to:

. . . .

5 . . . .

6 . . . .

Embedded derivatives

. . . .

7 . . . .

8 . . . .

9 . . . .

Unbundling of deposit components

. . . .

10 Some insurance contracts contain both an insurance component and a *deposit component.* In some cases, an insurer is required or permitted to *unbundle* those components:

. . . .

11 . . . .

12 To unbundle a contract, an insurer shall:

. . . .

RECOGNITION AND MEASUREMENT

. . . .
Temporary exemption from some other IFRSs

. . . .

13 Paragraphs 10-12 of IAS 8 *Accounting policies, changes in accounting estimates and errors* specify criteria for an entity to use in developing an accounting policy if no IFRS applies specifically to an item. However, this IFRS exempts an insurer from applying those criteria to its accounting policies for:

. . . .

14 Nevertheless, this IFRS does not exempt an insurer from some implications of the criteria in paragraphs 10-12 of IAS 8. Specifically, an insurer:

. . . .
Liability adequacy test

. . . .

15 . . . .

16 If an insurer applies a liability adequacy test that meets specified minimum requirements, this IFRS imposes no further requirements. The minimum requirements are the following:

. . . .

17 If an insurer's accounting policies do not require a liability adequacy test that meets the minimum requirements of paragraph 16, the insurer shall:

. . . .

18 . . . .

19 . . . .
Impairment of reinsurance assets

. . . .

20 If a cedant's reinsurance asset is impaired, the cedant shall reduce its carrying amount accordingly and recognise that impairment loss in profit or loss. A reinsurance asset is impaired if, and only if:

. . . .
Temporary exemption from IFRS 9

. . . .

20A **IFRS 9 addresses the accounting for financial instruments and is effective for annual periods beginning on or after 1 January 2018 . However, for an insurer that meets the criteria in paragraph 20B, this IFRS provides a temporary exemption that permits, but does not require, the insurer to apply IAS 39 *Financial Instruments: Recognition and Measurement* rather than IFRS 9 for annual periods beginning before 1 January 2021 . An insurer that applies the temporary exemption from IFRS 9 shall:**

. . . .

20B **An insurer may apply the temporary exemption from IFRS 9 if, and only if:**

. . . .

20C . . . .

20D An insurer's activities are predominantly connected with insurance if, and only if:

. . . .

20E For the purposes of applying paragraph 20D(b), liabilities connected with insurance comprise:

. . . .

20F In assessing whether it engages in a significant activity unconnected with insurance for the purposes of applying paragraph 20D(b)(ii), an insurer shall consider:

. . . .

20G Paragraph 20B(b) requires an entity to assess whether it qualifies for the temporary exemption from IFRS 9 at its annual reporting date that immediately precedes 1 April 2016 . After that date:

. . . .

20H For the purposes of applying paragraph 20G, a change in an entity's activities is a change that:

. . . .

20I A change in an entity's activities, as described in paragraph 20H, is expected to be very infrequent. The following are not changes in an entity's activities for the purposes of applying paragraph 20G:

. . . .

20J . . . .

20K . . . .
First-time adopter

. . . .

20L . . . .

20M . . . .

20N . . . .
Temporary exemption from specific requirements in IAS 28

. . . .

20O Paragraphs 35–36 of IAS 28 *Investments in Associates and Joint Ventures* require an entity to apply uniform accounting policies when using the equity method. Nevertheless, for annual periods beginning before 1 January 2021 , an entity is permitted, but not required, to retain the relevant accounting policies applied by the associate or joint venture as follows:

. . . .

20P When an entity uses the equity method to account for its investment in an associate or joint venture:

. . . .

20Q . . . .

Changes in accounting policies

. . . .

21 . . . .

22 . . . .

23 To justify changing its accounting policies for insurance contracts, an insurer shall show that the change brings its financial statements closer to meeting the criteria in IAS 8, but the change need not achieve full compliance with those criteria. The following specific issues are discussed below:

. . . .

Current market interest rates

. . . .

24 . . . .

Continuation of existing practices

. . . .

25 An insurer may continue the following practices, but the introduction of any of them does not satisfy paragraph 22:

. . . .

Prudence

. . . .

26 . . . .

Future investment margins

. . . .

27 An insurer need not change its accounting policies for insurance contracts to eliminate future investment margins. However, there is a rebuttable presumption that an insurer's financial statements will become less relevant and reliable if it introduces an accounting policy that reflects future investment margins in the measurement of insurance contracts, unless those margins affect the contractual payments. Two examples of accounting policies that reflect those margins are:

. . . .

28 An insurer may overcome the rebuttable presumption described in paragraph 27 if, and only if, the other components of a change in accounting policies increase the relevance and reliability of its financial statements sufficiently to outweigh the decrease in relevance and reliability caused by the inclusion of future investment margins. For example, suppose that an insurer's existing accounting policies for insurance contracts involve excessively prudent assumptions set at inception and a discount rate prescribed

by a regulator without direct reference to market conditions, and ignore some embedded options and guarantees. The insurer might make its financial statements more relevant and no less reliable by switching to a comprehensive investor-oriented basis of accounting that is widely used and involves:

. . . .

29 . . . .

Shadow accounting

. . . .

30 . . . .

Insurance contracts acquired in a business combination or portfolio transfer

. . . .

31 To comply with IFRS 3, an insurer shall, at the acquisition date, measure at fair value the insurance liabilities assumed and *insurance assets* acquired in a business combination. However, an insurer is permitted, but not required, to use an expanded presentation that splits the fair value of acquired insurance contracts into two components:

. . . .

32 . . . .

33 . . . .

Discretionary participation features

. . . .

Discretionary participation features in insurance contracts

. . . .

34 Some insurance contracts contain a discretionary participation feature as well as a *guaranteed element* . The issuer of such a contract:

. . . .

Discretionary participation features in financial instruments

. . . .

35 The requirements in paragraph 34 also apply to a financial instrument that contains a discretionary participation feature. In addition:

. . . .

35A . . . .

PRESENTATION

. . . .

The overlay approach

. . . .

35B **An insurer is permitted, but not required, to apply the overlay approach to designated financial assets. An insurer that applies the overlay approach shall:**

. . . .

35C **An insurer may elect to apply the overlay approach described in paragraph 35B only when it first applies IFRS 9, including when it first applies IFRS 9 after previously applying:**

. . . .

35D An insurer shall present the amount reclassified between profit or loss and other comprehensive income applying the overlay approach:

. . . .

35E A financial asset is eligible for designation for the overlay approach if, and only if, the following criteria are met:

. . . .

35F An insurer may designate an eligible financial asset for the overlay approach when it elects to apply the overlay approach (see paragraph 35C). Subsequently, it may designate an eligible financial asset for the overlay approach when, and only when:

. . . .

35G . . . .

35H When relevant, for the purposes of applying the overlay approach to a newly designated financial asset applying paragraph 35F(b):

. . . .

35I An entity shall continue to apply the overlay approach to a designated financial asset until that financial asset is derecognised. However, an entity:

. . . .

35J . . . .

35K . . . .

Interaction with other requirements

. . . .

35L . . . .

35M . . . .

First-time adopter

. . . .

35N . . . .

DISCLOSURE

. . . .

Explanation of recognised amounts

. . . .

36 . . . .

37 To comply with paragraph 36, an insurer shall disclose:

. . . .

Nature and extent of risks arising from insurance contracts

. . . .

38 . . . .

39 To comply with paragraph 38, an insurer shall disclose:

. . . .

39A To comply with paragraph 39(c)(i), an insurer shall disclose either (a) or (b) as follows:

. . . .

Disclosures about the temporary exemption from IFRS 9

. . . .

39B **An insurer that elects to apply the temporary exemption from IFRS 9 shall disclose information to enable users of financial statements:**

. . . .

39C To comply with paragraph 39B(a), an insurer shall disclose the fact that it is applying the temporary exemption from IFRS 9 and how the insurer concluded on the date specified in paragraph 20B(b) that it qualifies for the temporary exemption from IFRS 9, including:

. . . .

39D If, applying paragraph 20G(a), an entity concludes that its activities are no longer predominantly connected with insurance, it shall disclose the following information in each reporting period before it begins to apply IFRS 9:

. . . .

39E To comply with paragraph 39B(b), an insurer shall disclose the fair value at the end of the reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

. . . .

39F When disclosing the information in paragraph 39E, the insurer:

. . . .

39G To comply with paragraph 39B(b), an insurer shall disclose information about the credit risk exposure, including significant credit risk concentrations, inherent in the financial assets described in paragraph 39E(a). At a minimum, an insurer shall disclose the following information for those financial assets at the end of the reporting period:

. . . .

39H . . . .

39I . . . .

39J If an entity applied the temporary exemption from IFRS 9 when accounting for its investment in an associate or joint venture using the equity method (for example, see paragraph 20O(a)), the entity shall disclose the following, in addition to the information required by IFRS 12 *Disclosure of Interests in Other Entities* :

. . . .

Disclosures about the overlay approach

. . . .

39K **An insurer that applies the overlay approach shall disclose information to enable users of financial statements to understand:**

. . . .

39L To comply with paragraph 39K, an insurer shall disclose:

. . . .

39M If an entity applied the overlay approach when accounting for its investment in an associate or joint venture using the equity method, the entity shall disclose the following, in addition to the information required by IFRS 12:

. . . .

EFFECTIVE DATE AND TRANSITION

. . . .

40 . . . .

41 . . . .

41A . . . .

41B . . . .

41E . . . .

41G . . . .

41H . . . .

41I . . . .

Disclosure

. . . .

42 . . . .

43 . . . .

44 . . . .

Redesignation of financial assets

. . . .

45 . . . .

Applying IFRS 4 with IFRS 9

. . . .

Temporary exemption from IFRS 9

. . . .

46 . . . .

47 . . . .

The overlay approach

. . . .

48 . . . .

49 An entity that elects to apply the overlay approach shall:

. . . .

Appendix A

Defined terms

. . . .

Appendix B

Definition of an insurance contract

. . . .

B1 This appendix gives guidance on the definition of an insurance contract in Appendix A. It addresses the following issues:

. . . .

Uncertain future event

. . . .

B2 Uncertainty (or risk) is the essence of an insurance contract. Accordingly, at least one of the following is uncertain at the inception of an insurance contract:

. . . .

B3 . . . .

B4 . . . .

Payments in kind

. . . .

B5 . . . .

B6 . . . .

B7 Applying the IFRS to the contracts described in paragraph B6 is likely to be no more burdensome than applying the IFRSs that would be applicable if such contracts were outside the scope of this IFRS:

. . . .

Distinction between insurance risk and other risks

. . . .

B8 . . . .

B9 . . . .

B10 . . . .

B11 . . . .

B12 . . . .

B13 . . . .

B14 . . . .

B15 . . . .

B16 . . . .

B17 . . . .

Examples of insurance contracts

. . . .

B18 The following are examples of contracts that are insurance contracts, if the transfer of insurance risk is significant:

. . . .

B19 The following are examples of items that are not insurance contracts:

. . . .

B20 If the contracts described in paragraph B19 create financial assets or financial liabilities, they are within the scope of IFRS 9. Among other things, this means that the parties to the contract use what is sometimes called deposit accounting, which involves the following:

. . . .

B21 . . . .

Significant insurance risk

. . . .

B22 . . . .

B23 . . . .

B24 The additional benefits described in paragraph B23 refer to amounts that exceed those that would be payable if no insured event occurred (excluding scenarios that lack commercial substance). Those additional amounts include claims handling and claims assessment costs, but exclude:

. . . .

B25 . . . .

B26 . . . .

B27 . . . .

B28 . . . .

Changes in the level of insurance risk

. . . .

B29 . . . .

B30 . . . .

INTERNATIONAL FINANCIAL REPORTING STANDARD 5

Non-current assets held for sale and discontinued operations

OBJECTIVE

. . . .

1 The objective of this IFRS is to specify the accounting for assets held for sale, and the presentation and disclosure of *discontinued operations*. In particular, the IFRS requires:

. . . .

SCOPE

. . . .

2 . . . .

3 . . . .

4 . . . .

5 The measurement provisions of this IFRS do not apply to the following assets, which are covered by the IFRSs listed, either as individual assets or as part of a disposal group:

. . . .

5A . . . .

5B This IFRS specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. Disclosures in other IFRSs do not apply to such assets (or disposal groups) unless those IFRSs require:

. . . .

CLASSIFICATION OF NON-CURRENT ASSETS (OR DISPOSAL GROUPS) AS HELD FOR SALE OR AS HELD FOR DISTRIBUTION TO OWNERS

. . . .

6 . . . .

7 . . . .

8 . . . .

8A . . . .

9 . . . .

10 . . . .

11 . . . .

12 . . . .

12A . . . .

Non-current assets that are to be abandoned

. . . .

13 . . . .

14 . . . .

MEASUREMENT OF NON-CURRENT ASSETS (OR DISPOSAL GROUPS) CLASSIFIED AS HELD FOR SALE

. . . .

Measurement of a non-current asset (or disposal group)

. . . .

15 . . . .

15A . . . .

16 . . . .

17 . . . .

18 . . . .

19 . . . .

Recognition of impairment losses and reversals

. . . .

20 . . . .

21 . . . .

22 An entity shall recognise a gain for any subsequent increase in fair value less costs to sell of a disposal group:

. . . .

23 . . . .

24 A gain or loss not previously recognised by the date of the sale of a non-current asset (or disposal group) shall be recognised at the date of derecognition. Requirements relating to derecognition are set out in:

. . . .

25 . . . .

Changes to a plan of sale or to a plan of distribution to owners

. . . .

26 . . . .

26A If an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution to owners, or directly from being held for distribution to owners to being held for sale, then the change in classification is considered a continuation of the original plan of disposal. The entity:

. . . .

27 The entity shall measure a non-current asset (or disposal group) that ceases to be classified as held for sale or as held for distribution to owners (or ceases to be included

in a disposal group classified as held for sale or as held for distribution to owners) at the lower of:

. . . .

28 . . . .

29 . . . .

PRESENTATION AND DISCLOSURE

. . . .

30 . . . .

Presenting discontinued operations

. . . .

31 . . . .

32 A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

. . . .

33 An entity shall disclose:

. . . .

33A . . . .

34 . . . .

35 Adjustments in the current period to amounts previously presented in discontinued operations that are directly related to the disposal of a discontinued operation in a prior period shall be classified separately in discontinued operations. The nature and amount of such adjustments shall be disclosed. Examples of circumstances in which these adjustments may arise include the following:

. . . .

36 . . . .

36A . . . .

Gains or losses relating to continuing operations

. . . .

37 . . . .

Presentation of a non-current asset or disposal group classified as held for sale

. . . .

38 . . . .

39 . . . .

40 . . . .

Additional disclosures

. . . .

41 An entity shall disclose the following information in the notes in the period in which a non-current asset (or disposal group) has been either classified as held for sale or sold:

. . . .

42 . . . .

TRANSITIONAL PROVISIONS

. . . .

43 . . . .

EFFECTIVE DATE

. . . .

44 . . . .

44A . . . .

44B . . . .

44C . . . .

44D . . . .

44E . . . .

44G . . . .

44H . . . .

44I . . . .

44K . . . .

44L . . . .

WITHDRAWAL OF IAS 35

. . . .

45 . . . .

Appendix A

Defined terms

. . . .

Appendix B

Application supplement

. . . .

EXTENSION OF THE PERIOD REQUIRED TO COMPLETE A SALE

. . . .

B1 As noted in paragraph 9, an extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group). An exception to the one-year requirement in paragraph 8 shall therefore apply in the following situations in which such events or circumstances arise:

. . . .

INTERNATIONAL FINANCIAL REPORTING STANDARD 6

Exploration for and evaluation of mineral resources

OBJECTIVE

. . . .

1 . . . .

2 In particular, the IFRS requires:

. . . .

SCOPE

. . . .

3 . . . .

4 . . . .

5 An entity shall not apply the IFRS to expenditures incurred:

. . . .

RECOGNITION OF EXPLORATION AND EVALUATION ASSETS

. . . .

Temporary exemption from IAS 8 paragraphs 11 and 12

. . . .

6 . . . .

7 . . . .

MEASUREMENT OF EXPLORATION AND EVALUATION ASSETS

. . . .

Measurement at recognition

. . . .

8 . . . .

Elements of cost of exploration and evaluation assets

. . . .

9 An entity shall determine an accounting policy specifying which expenditures are recognised as exploration and evaluation assets and apply the policy consistently. In making this determination, an entity considers the degree to which the expenditure can be associated with finding specific mineral resources. The following are examples of expenditures that might be included in the initial measurement of exploration and evaluation assets (the list is not exhaustive):

. . . .

10 . . . .

11 . . . .

Measurement after recognition

. . . .

12 . . . .

Changes in accounting policies

. . . .

13 . . . .

14 . . . .

PRESENTATION

. . . .

Classification of exploration and evaluation assets

. . . .

15 . . . .

16 . . . .

Reclassification of exploration and evaluation assets

. . . .

17 . . . .

IMPAIRMENT

. . . .

Recognition and measurement

. . . .

18 . . . .

19 . . . .

20 One or more of the following facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment (the list is not exhaustive):

. . . .

Specifying the level at which exploration and evaluation assets are assessed for impairment

. . . .

21 . . . .

22 . . . .

DISCLOSURE

. . . .

23 . . . .

24 To comply with paragraph 23, an entity shall disclose:

. . . .

25 . . . .

EFFECTIVE DATE

. . . .

26 . . . .

TRANSITIONAL PROVISIONS

. . . .

27 . . . .

Appendix A

Defined terms

. . . .

INTERNATIONAL FINANCIAL REPORTING STANDARD 7

Financial instruments: disclosures

OBJECTIVE

. . . .

1 The objective of this IFRS is to require entities to provide disclosures in their financial statements that enable users to evaluate:

. . . .

2 . . . .

SCOPE

. . . .

3 This IFRS shall be applied by all entities to all types of financial instruments, except:

. . . .

4 . . . .

5 . . . .

5A . . . .

CLASSES OF FINANCIAL INSTRUMENTS AND LEVEL OF DISCLOSURE

. . . .

6 . . . .

SIGNIFICANCE OF FINANCIAL INSTRUMENTS FOR FINANCIAL POSITION AND PERFORMANCE

. . . .

7 . . . .

Statement of financial position

. . . .

Categories of financial assets and financial liabilities

. . . .

8 The carrying amounts of each of the following categories, as specified in IFRS 9, shall be disclosed either in the statement of financial position or in the notes:

. . . .

Financial assets or financial liabilities at fair value through profit or loss

. . . .

9 If the entity has designated as measured at fair value through profit or loss a financial asset (or group of financial assets) that would otherwise be measured at fair value through other comprehensive income or amortised cost, it shall disclose:

. . . .

10 If the entity has designated a financial liability as at fair value through profit or loss in accordance with paragraph 4.2.2 of IFRS 9 and is required to present the effects of changes in that liability's credit risk in other comprehensive income (see paragraph 5.7.7 of IFRS 9), it shall disclose:

. . . .

10A If an entity has designated a financial liability as at fair value through profit or loss in accordance with paragraph 4.2.2 of IFRS 9 and is required to present all changes in the fair value of that liability (including the effects of changes in the credit risk of the liability) in profit or loss (see paragraphs 5.7.7 and 5.7.8 of IFRS 9), it shall disclose:

. . . .

11 The entity shall also disclose:

. . . .

Investments in equity instruments designated at fair value through other comprehensive income

. . . .

11A If an entity has designated investments in equity instruments to be measured at fair value through other comprehensive income, as permitted by paragraph 5.7.5 of IFRS 9, it shall disclose:

. . . .

11B If an entity derecognised investments in equity instruments measured at fair value through other comprehensive income during the reporting period, it shall disclose:

. . . .

Reclassification

. . . .

12–12A . . . .

12B An entity shall disclose if, in the current or previous reporting periods, it has reclassified any financial assets in accordance with paragraph 4.4.1 of IFRS 9. For each such event, an entity shall disclose:

. . . .

12C For each reporting period following reclassification until derecognition, an entity shall disclose for assets reclassified out of the fair value through profit or loss category so that they are measured at amortised cost or fair value through other comprehensive income in accordance with paragraph 4.4.1 of IFRS 9:

. . . .

12D If, since its last annual reporting date, an entity has reclassified financial assets out of the fair value through other comprehensive income category so that they are measured at amortised cost or out of the fair value through profit or loss category so that they are measured at amortised cost or fair value through other comprehensive income it shall disclose:

. . . .

Derecognition

. . . .

13 An entity may have transferred financial assets in such a way that part or all of the financial assets do not qualify for derecognition (see paragraphs 15-37 of IAS 39). The entity shall disclose for each class of such financial assets:

. . . .

Offsetting financial assets and financial liabilities

. . . .

13A . . . .

13B . . . .

13C To meet the objective in paragraph 13B, an entity shall disclose, at the end of the reporting period, the following quantitative information separately for recognised financial assets and recognised financial liabilities that are within the scope of paragraph 13A:

. . . .

13D . . . .

13E . . . .

13F . . . .

Collateral

. . . .

14 An entity shall disclose:

. . . .

15 When an entity holds collateral (of financial or non-financial assets) and is permitted to sell or repledge the collateral in the absence of default by the owner of the collateral, it shall disclose:

. . . .

Allowance account for credit losses

. . . .

16 . . . .

16A . . . .

Compound financial instruments with multiple embedded derivatives

. . . .

17 . . . .

Defaults and breaches

. . . .

18 For *loans payable* recognised at the end of the reporting period, an entity shall disclose:

. . . .

19 . . . .

Statement of comprehensive income

. . . .

Items of income, expense, gains or losses

. . . .

20 An entity shall disclose the following items of income, expense, gains or losses either in the statement of comprehensive income or in the notes:

. . . .

20A . . . .

Other disclosures

. . . .

Accounting policies

. . . .

21 . . . .

Hedge accounting

. . . .

21A An entity shall apply the disclosure requirements in paragraphs 21B–24F for those risk exposures that an entity hedges and for which it elects to apply hedge accounting. Hedge accounting disclosures shall provide information about:

. . . .

21B . . . .

21C . . . .

21D . . . .

The risk management strategy

. . . .

22 . . . .

22A An entity shall explain its risk management strategy for each risk category of risk exposures that it decides to hedge and for which hedge accounting is applied. This explanation should enable users of financial statements to evaluate (for example):

. . . .

22B To meet the requirements in paragraph 22A, the information should include (but is not limited to) a description of:

. . . .

22C When an entity designates a specific risk component as a hedged item (see paragraph 6.3.7 of IFRS 9) it shall provide, in addition to the disclosures required by paragraphs 22A and 22B, qualitative or quantitative information about:

. . . .

The amount, timing and uncertainty of future cash flows

. . . .

23 . . . .

23A . . . .

23B To meet the requirement in paragraph 23A, an entity shall provide a breakdown that discloses:

. . . .

23C In situations in which an entity frequently resets (ie discontinues and restarts) hedging relationships because both the hedging instrument and the hedged item frequently change (ie the entity uses a dynamic process in which both the exposure and the hedging instruments used to manage that exposure do not remain the same for long—such as in the example in paragraph B6.5.24(b) of IFRS 9) the entity:

. . . .

23D . . . .

23E . . . .

23F . . . .

The effects of hedge accounting on financial position and performance

. . . .

24 . . . .

24A An entity shall disclose, in a tabular format, the following amounts related to items designated as hedging instruments separately by risk category for each type of hedge (fair value hedge, cash flow hedge or hedge of a net investment in a foreign operation):

. . . .

24B An entity shall disclose, in a tabular format, the following amounts related to hedged items separately by risk category for the types of hedges as follows:

. . . .

24C An entity shall disclose, in a tabular format, the following amounts separately by risk category for the types of hedges as follows:

. . . .

24D . . . .

24E An entity shall provide a reconciliation of each component of equity and an analysis of other comprehensive income in accordance with IAS 1 that, taken together:

. . . .

24F . . . .

Option to designate a credit exposure as measured at fair value through profit or loss

. . . .

24G If an entity designated a financial instrument, or a proportion of it, as measured at fair value through profit or loss because it uses a credit derivative to manage the credit risk of that financial instrument it shall disclose:

. . . .

Uncertainty arising from interest rate benchmark reform

. . . .

24H For hedging relationships to which an entity applies the exceptions set out in paragraphs 6.8.4–6.8.12 of IFRS 9 or paragraphs 102D–102N of IAS 39, an entity shall disclose:

. . . .

Fair value

. . . .

25 . . . .

26 . . . .

27 . . . .

27A To make the disclosures required by paragraph 27B an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

. . . .

27B For fair value measurements recognised in the statement of financial position an entity shall disclose for each class of financial instruments:

. . . .

28 In some cases, an entity does not recognise a gain or loss on initial recognition of a financial asset or financial liability because the fair value is neither evidenced by a quoted price in an active market for an identical asset or liability (ie a Level 1 input) nor based on a valuation technique that uses only data from observable markets (see paragraph B5.1.2 A of IFRS 9). In such cases, the entity shall disclose by class of financial asset or financial liability:

. . . .

29 Disclosures of fair value are not required:

. . . .

30 In the case described in paragraph 29(c), an entity shall disclose information to help users of the financial statements make their own judgements about the extent of possible differences between the carrying amount of those contracts and their fair value, including:

. . . .

NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

. . . .

31 . . . .

32 . . . .

32A . . . .

Qualitative disclosures

. . . .

33 For each type of risk arising from financial instruments, an entity shall disclose:

. . . .

Quantitative disclosures

. . . .

34 For each type of risk arising from financial instruments, an entity shall disclose:

. . . .

35 . . . .

Credit risk

. . . .

Scope and objectives

. . . .

35A An entity shall apply the disclosure requirements in paragraphs 35F–35N to financial instruments to which the impairment requirements in IFRS 9 are applied. However:

. . . .

35B The credit risk disclosures made in accordance with paragraphs 35F–35N shall enable users of financial statements to understand the effect of credit risk on the amount, timing and uncertainty of future cash flows. To achieve this objective, credit risk disclosures shall provide:

. . . .

35C . . . .

35D . . . .

35E . . . .

The credit risk management practices

. . . .

35F An entity shall explain its credit risk management practices and how they relate to the recognition and measurement of expected credit losses. To meet this objective an entity shall disclose information that enables users of financial statements to understand and evaluate:

. . . .

35G An entity shall explain the inputs, assumptions and estimation techniques used to apply the requirements in Section 5.5 of IFRS 9. For this purpose an entity shall disclose:

. . . .

Quantitative and qualitative information about amounts arising from expected credit losses

. . . .

35H To explain the changes in the loss allowance and the reasons for those changes, an entity shall provide, by class of financial instrument, a reconciliation from the opening balance to the closing balance of the loss allowance, in a table, showing separately the changes during the period for:

. . . .

35I To enable users of financial statements to understand the changes in the loss allowance disclosed in accordance with paragraph 35H, an entity shall provide an explanation of how significant changes in the gross carrying amount of financial instruments during the period contributed to changes in the loss allowance. The information shall be provided separately for financial instruments that represent the loss allowance as listed in paragraph 35H(a)–(c) and shall include relevant qualitative and quantitative information. Examples of changes in the gross carrying amount of financial instruments that contributed to the changes in the loss allowance may include:

. . . .

35J To enable users of financial statements to understand the nature and effect of modifications of contractual cash flows on financial assets that have not resulted in derecognition and the effect of such modifications on the measurement of expected credit losses, an entity shall disclose:

. . . .

35K To enable users of financial statements to understand the effect of collateral and other credit enhancements on the amounts arising from expected credit losses, an entity shall disclose by class of financial instrument:

. . . .

35L . . . .

Credit risk exposure

. . . .

35M To enable users of financial statements to assess an entity's credit risk exposure and understand its significant credit risk concentrations, an entity shall disclose, by *credit risk rating grades* , the gross carrying amount of financial assets and the exposure to credit risk on loan commitments and financial guarantee contracts. This information shall be provided separately for financial instruments:

. . . .

35N . . . .

36 For all financial instruments within the scope of this IFRS, but to which the impairment requirements in IFRS 9 are not applied, an entity shall disclose by class of financial instrument:

. . . .

Financial assets that are either past due or impaired

. . . .

37 . . . .

Collateral and other credit enhancements obtained

. . . .

38 When an entity obtains financial or non-financial assets during the period by taking possession of collateral it holds as security or calling on other credit enhancements (eg guarantees), and such assets meet the recognition criteria in other IFRSs, an entity shall disclose for such assets held at the reporting date:

. . . .

Liquidity risk

. . . .

39 An entity shall disclose:

. . . .

Market risk

. . . .

Sensitivity analysis

. . . .

40 Unless an entity complies with paragraph 41, it shall disclose:

. . . .

41 If an entity prepares a sensitivity analysis, such as value-at-risk, that reflects interdependencies between risk variables (e.g. interest rates and exchange rates) and uses it to manage financial risks, it may use that sensitivity analysis in place of the analysis specified in paragraph 40. The entity shall also disclose:

. . . .

Other market risk disclosures

. . . .

42 . . . .

TRANSFERS OF FINANCIAL ASSETS

. . . .

42A The disclosure requirements in paragraphs 42B–42H relating to transfers of financial assets supplement the other disclosure requirements of this IFRS. An entity shall present the disclosures required by paragraphs 42B–42H in a single note in its financial statements. An entity shall provide the required disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. For the purposes of applying the disclosure requirements in those paragraphs, an entity transfers all or a part of a financial asset (the transferred financial asset), if, and only if, it either:

. . . .

42B An entity shall disclose information that enables users of its financial statements:

. . . .

42C For the purposes of applying the disclosure requirements in paragraphs 42E–42H, an entity has continuing involvement in a transferred financial asset if, as part of the transfer, the entity retains any of the contractual rights or obligations inherent in the transferred financial asset or obtains any new contractual rights or obligations relating to the transferred financial asset. For the purposes of applying the disclosure requirements in paragraphs 42E–42H, the following do not constitute continuing involvement:

. . . .

Transferred financial assets that are not derecognised in their entirety

. . . .

42D An entity may have transferred financial assets in such a way that part or all of the transferred financial assets do not qualify for derecognition. To meet the objectives set out in paragraph 42B(a), the entity shall disclose at each reporting date for each class of transferred financial assets that are not derecognised in their entirety:

. . . .

Transferred financial assets that are derecognised in their entirety

. . . .

42E To meet the objectives set out in paragraph 42B(b), when an entity derecognises transferred financial assets in their entirety (see paragraph 3.2.6(a) and (c)(i) of IFRS 9) but has continuing involvement in them, the entity shall disclose, as a minimum, for each type of continuing involvement at each reporting date:

. . . .

42F . . . .

42G In addition, an entity shall disclose for each type of continuing involvement:

. . . .

Supplementary information

. . . .

42H . . . .

INITIAL APPLICATION OF IFRS 9

. . . .

42I In the reporting period that includes the date of initial application of IFRS 9, the entity shall disclose the following information for each class of financial assets and financial liabilities as at the date of initial application:

. . . .

42J In the reporting period that includes the date of initial application of IFRS 9, an entity shall disclose qualitative information to enable users to understand:

. . . .

42K . . . .

42L When required by paragraph 42K, an entity shall disclose the changes in the classifications of financial assets and financial liabilities as at the date of initial application of IFRS 9, showing separately:

. . . .

42M When required by paragraph 42K, an entity shall disclose the following for financial assets and financial liabilities that have been reclassified so that they are measured at amortised cost and, in the case of financial assets, that have been reclassified out of fair value through profit or loss so that they are measured at fair value through other comprehensive income, as a result of the transition to IFRS 9:

. . . .

42N When required by paragraph 42K, an entity shall disclose the following for financial assets and financial liabilities that have been reclassified out of the fair value through profit or loss category as a result of the transition to IFRS 9:

. . . .

42O When an entity presents the disclosures set out in paragraphs 42K–42N, those disclosures, and the disclosures in paragraph 25 of this IFRS, must permit reconciliation between:

. . . .

42P . . . .

42Q In the reporting period that includes the date of initial application of IFRS 9, an entity is not required to disclose the line item amounts that would have been reported in accordance with the classification and measurement requirements (which includes the requirements related to amortised cost measurement of financial assets and impairment in Sections 5.4 and 5.5 of IFRS 9) of:

. . . .

42R . . . .

42S . . . .

EFFECTIVE DATE AND TRANSITION

. . . .

43 . . . .

44 . . . .

44A . . . .

44B . . . .

44C . . . .

44D . . . .

44E . . . .

44F . . . .

44G . . . .

EFFECTIVE DATE AND TRANSITION

. . . .

44G *Improving Disclosures about Financial Instruments* (Amendments to IFRS 7), issued in March 2009, amended paragraphs 27, 39 and B11 and added paragraphs 27A, 27B, B10A and B11A–B11F. An entity shall apply those amendments for annual periods beginning on or after 1 January 2009 . An entity need not provide the disclosures required by the amendments for:

. . . .

44K . . . .

44L . . . .

44M . . . .

44O . . . .

44P . . . .

44Q . . . .

44R . . . .

44X . . . .

44Z . . . .

44ZA . . . .

44AA . . . .

44BB . . . .

44CC . . . .

44DE . . . .

44DF . . . .

WITHDRAWAL OF IAS 30

. . . .

45 . . . .

Appendix A

Defined terms

. . . .

The following terms are defined in paragraph 11 of IAS 32, paragraph 9 of IAS 39, Appendix A of IFRS 9 or Appendix A of IFRS 13 and are used in this IFRS with the meaning specified in IAS 32, IAS 39, IFRS 9 and IFRS 13.

— amortised cost of a financial asset or financial liability
— contract asset
— credit-impaired financial assets
— derecognition
— derivative
— dividends
— effective interest method
— equity instrument
— expected credit losses
— fair value
— financial asset
— financial guarantee contract
— financial instrument
— financial liability
— financial liability at fair value through profit or loss
— forecast transaction
— gross carrying amount
— hedging instrument
— held for trading
— impairment gains or losses
— loss allowance
— purchased or originated credit-impaired financial assets
— reclassification date
— regular way purchase or sale.

Appendix B

Application Guidance

. . . .

CLASSES OF FINANCIAL INSTRUMENTS AND LEVEL OF DISCLOSURE (PARAGRAPH 6)

. . . .

B1 . . . .

B2 In determining classes of financial instrument, an entity shall, at a minimum:

. . . .

B3 . . . .

SIGNIFICANCE OF FINANCIAL INSTRUMENTS FOR FINANCIAL POSITION AND PERFORMANCE

. . . .

Financial liabilities at fair value through profit or loss (paragraphs 10 and 11)

. . . .

B4 . . . .

Other disclosure — accounting policies (paragraph 21)

. . . .

B5 Paragraph 21 requires disclosure of the measurement basis (or bases) used in preparing the financial statements and the other accounting policies used that are relevant to an understanding of the financial statements. For financial instruments, such disclosure may include:

. . . .

NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (PARAGRAPHS 31-42)

. . . .

B6 . . . .

Quantitative disclosures (paragraph 34)

. . . .

B7 . . . .

B8 Paragraph 34(c) requires disclosures about concentrations of risk. Concentrations of risk arise from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. The identification of concentrations of risk requires judgement taking into account the circumstances of the entity. Disclosure of concentrations of risk shall include:

. . . .

Credit risk management practices (paragraphs 35F–35G)

. . . .

B8A Paragraph 35F(b) requires the disclosure of information about how an entity has defined default for different financial instruments and the reasons for selecting those definitions. In accordance with paragraph 5.5.9 of IFRS 9, the determination of whether lifetime expected credit losses should be recognised is based on the increase in the risk of a default occurring since initial recognition. Information about an entity's definitions of default that will assist users of financial statements in understanding how an entity has applied the expected credit loss requirements in IFRS 9 may include:

. . . .

B8B . . . .

B8C . . . .

Changes in the loss allowance (paragraph 35H)

. . . .

B8D In accordance with paragraph 35H, an entity is required to explain the reasons for the changes in the loss allowance during the period. In addition to the reconciliation from the opening balance to the closing balance of the loss allowance, it may be necessary to provide a narrative explanation of the changes. This narrative explanation may include an analysis of the reasons for changes in the loss allowance during the period, including:

. . . .

B8E . . . .

Collateral (paragraph 35K)

. . . .

B8F . . . .

B8G A narrative description of collateral and its effect on amounts of expected credit losses might include information about:

. . . .

Credit risk exposure (paragraphs 35M–35N)

. . . .

B8H . . . .

B8I . . . .

B8J . . . .

Maximum credit risk exposure (paragraph 36(a))

. . . .

B9 Paragraphs 35K(a) and 36(a) require disclosure of the amount that best represents the entity's maximum exposure to credit risk. For a financial asset, this is typically the gross carrying amount, net of:

. . . .

B10 Activities that give rise to credit risk and the associated maximum exposure to credit risk include, but are not limited to:

. . . .

Quantitative liquidity risk disclosures (paragraphs 34(a) and 39(a) and (b))

. . . .

B10A In accordance with paragraph 34(a) an entity discloses summary quantitative data about its exposure to liquidity risk on the basis of the information provided internally to key management personnel. An entity shall explain how those data are determined. If the outflows of cash (or another financial asset) included in those data could either:

. . . .

B11 In preparing the maturity analyses required by paragraph 39(a) and (b) an entity uses its judgement to determine an appropriate number of time bands. For example, an entity might determine that the following time bands are appropriate:

. . . .

B11A . . . .

B11B Paragraph 39(b) requires an entity to disclose a quantitative maturity analysis for derivative financial liabilities that shows remaining contractual maturities if the contractual maturities are essential for an understanding of the timing of the cash flows. For example, this would be the case for:

. . . .

B11C Paragraph 39(a) and (b) requires an entity to disclose maturity analyses for financial liabilities that show the remaining contractual maturities for some financial liabilities. In this disclosure:

. . . .

B11D The contractual amounts disclosed in the maturity analyses as required by paragraph 39(a) and (b) are the contractual undiscounted cash flows, for example:

. . . .

B11E . . . .

B11F Other factors that an entity might consider in providing the disclosure required in paragraph 39(c) include, but are not limited to, whether the entity:

. . . .

B12 . . . .

B13 . . . .

B14 The amounts disclosed in the maturity analysis are the contractual undiscounted cash flows, for example:

. . . .

B15 . . . .

B16 . . . .

Market risk — sensitivity analysis (paragraphs 40 and 41)

. . . .

B17 Paragraph 40(a) requires a sensitivity analysis for each type of market risk to which the entity is exposed. In accordance with paragraph B3, an entity decides how it aggregates information to display the overall picture without combining information with different characteristics about exposures to risks from significantly different economic environments. For example:

. . . .

B18 Paragraph 40(a) requires the sensitivity analysis to show the effect on profit or loss and equity of reasonably possible changes in the relevant risk variable (e.g. prevailing market interest rates, currency rates, equity prices or commodity prices). For this purpose:

. . . .

B19 In determining what a reasonably possible change in the relevant risk variable is, an entity should consider:

. . . .

B20 . . . .

B21 . . . .

Interest rate risk

. . . .

B22 . . . .

Currency risk

. . . .

B23 . . . .

B24 . . . .

Other price risk

. . . .

B25 . . . .

B26 . . . .

B27 . . . .

B28 . . . .

DERECOGNITION (PARAGRAPHS 42C–42H)

. . . .

Continuing involvement (paragraph 42C)

. . . .

B29 . . . .

B30 . . . .

B30A . . . .

B31 . . . .

Transferred financial assets that are not derecognised in their entirety

. . . .

B32 . . . .

Types of continuing involvement (paragraphs 42E–42H)

. . . .

B33 . . . .

Maturity analysis for undiscounted cash outflows to repurchase transferred assets (paragraph 42E(e))

. . . .

B34 . . . .

B35 An entity shall use its judgement to determine an appropriate number of time bands in preparing the maturity analysis required by paragraph 42E(e). For example, an entity might determine that the following maturity time bands are appropriate:

. . . .

B36 . . . .

Qualitative information (paragraph 42E(f))

. . . .

B37 The qualitative information required by paragraph 42E(f) includes a description of the derecognised financial assets and the nature and purpose of the continuing involvement retained after transferring those assets. It also includes a description of the risks to which an entity is exposed, including:

. . . .

Gain or loss on derecognition (paragraph 42G(a))

. . . .

B38 . . . .

Supplementary information (paragraph 42H)

. . . .

B39 . . . .

Offsetting financial assets and financial liabilities **(paragraphs 13A–13F)**

. . . .

Scope (paragraph 13A)

. . . .

B40 . . . .

B41 . . . .

Disclosure of quantitative information for recognised financial assets and recognised financial liabilities within the scope of paragraph 13A (paragraph 13C)

. . . .

B42 . . . .

Disclosure of the gross amounts of recognised financial assets and recognised financial liabilities within the scope of paragraph 13A (paragraph 13C(a))

. . . .

B43 . . . .

Disclosure of the amounts that are set off in accordance with the criteria in paragraph 42 of IAS 32 (paragraph 13C(b))

. . . .

B44 . . . .

Disclosure of the net amounts presented in the statement of financial position (paragraph 13C(c))

. . . .

B45 . . . .

B46 . . . .

Disclosure of the amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in paragraph 13C(b) (paragraph 13C(d))

. . . .

B47 . . . .

B48 . . . .

Limits on the amounts disclosed in paragraph 13C(d) (paragraph 13D)

. . . .

B49 . . . .

Description of the rights of set-off subject to enforceable master netting arrangements and similar agreements (paragraph 13E)

. . . .

B50 . . . .

Disclosure by type of financial instrument or by counterparty

. . . .

B51 . . . .

B52 . . . .

Other

. . . .

B53 . . . .

INTERNATIONAL FINANCIAL REPORTING STANDARD 8

Operating segments

CORE PRINCIPLE

. . . .

1 . . . .

SCOPE

. . . .

2 This IFRS shall apply to:

. . . .

3 . . . .

4 . . . .

OPERATING SEGMENTS

. . . .

5 An operating segment is a component of an entity:

. . . .

6 . . . .

7 . . . .

8 . . . .

9 . . . .

10 . . . .

REPORTABLE SEGMENTS

. . . .

11 An entity shall report separately information about each operating segment that:

. . . .

Aggregation criteria

. . . .

12 Operating segments often exhibit similar long-term financial performance if they have similar economic characteristics. For example, similar long-term average gross margins for two operating segments would be expected if their economic characteristics were similar. Two or more operating segments may be aggregated into a single operating segment if aggregation is consistent with the core principle of this IFRS, the segments have similar economic characteristics, and the segments are similar in each of the following respects:

. . . .

Quantitative thresholds

. . . .

13 An entity shall report separately information about an operating segment that meets any of the following quantitative thresholds:

. . . .

14 . . . .

15 . . . .

16 . . . .

17 . . . .

18 . . . .

19 . . . .

DISCLOSURE

. . . .

20 . . . .

21 To give effect to the principle in paragraph 20, an entity shall disclose the following for each period for which a statement of comprehensive income is presented:

. . . .

General information

. . . .

22 An entity shall disclose the following general information:

. . . .

Information about profit or loss, assets and liabilities

. . . .

23 An entity shall report a measure of profit or loss for each reportable segment. An entity shall report a measure of total assets and liabilities for each reportable segment if such amounts are regularly provided to the chief operating decision maker. An entity shall also disclose the following about each reportable segment if the specified amounts are included in the measure of segment profit or loss reviewed by the chief operating decision maker, or are otherwise regularly provided to the chief operating decision maker even if not included in that measure of segment profit or loss:

. . . .

24 An entity shall disclose the following about each reportable segment if the specified amounts are included in the measure of segment assets reviewed by the chief operating decision maker or are otherwise regularly provided to the chief operating decision maker, even if not included in the measure of segment assets:

. . . .

MEASUREMENT

. . . .

25 . . . .

26 . . . .

27 An entity shall provide an explanation of the measurements of segment profit or loss, segment assets and segment liabilities for each reportable segment. At a minimum, an entity shall disclose the following:

. . . .

Reconciliations

. . . .

28 An entity shall provide reconciliations of all of the following:

. . . .

Restatement of previously reported information

. . . .

29 . . . .

30 . . . .

ENTITY-WIDE DISCLOSURES

. . . .

31 . . . .

Information about products and services

. . . .

32 . . . .

Information about geographical areas

. . . .

33 An entity shall report the following geographical information, unless the necessary information is not available and the cost to develop it would be excessive:

. . . .

Information about major customers

. . . .

34 . . . .

TRANSITION AND EFFECTIVE DATE

. . . .

35 . . . .

35A . . . .

36 . . . .

36A . . . .

36B . . . .

36C . . . .

WITHDRAWAL OF IAS 14

. . . .

37 . . . .

Appendix A

Defined term

. . . .

INTERNATIONAL FINANCIAL REPORTING STANDARD 9

Financial Instruments

CHAPTER 1

Objective

1.1. . . . .

CHAPTER 2

Scope

2.1. . . . .

2.2. . . . .

2.3. . . . .

2.4. . . . .

2.5. . . . .

2.6. . . . .

2.7. . . . .

CHAPTER 3

Recognition and derecognition

3.1 INITIAL RECOGNITION

. . . .

3.1.1. . . . .
Regular way purchase or sale of financial assets

. . . .

3.1.2. . . . .

3.2 DERECOGNITION OF FINANCIAL ASSETS

. . . .

3.2.1. . . . .

3.2.2. **Before evaluating whether, and to what extent, *derecognition* is appropriate under paragraphs 3.2.3–3.2.9, an entity determines whether those paragraphs should be applied to a part of a financial asset (or a part of a group of similar financial assets) or a financial asset (or a group of similar financial assets) in its entirety, as follows.**

. . . .

3.2.3. **An entity shall derecognise a financial asset when, and only when:**

. . . .

3.2.4. **An entity transfers a financial asset if, and only if, it either:**

. . . .

3.2.5. **When an entity retains the contractual rights to receive the cash flows of a financial asset (the ' original asset '), but assumes a contractual obligation to pay those cash flows to one or more entities (the ' eventual recipients '), the entity treats the transaction as a transfer of a financial asset if, and only if, all of the following three conditions are met.**

. . . .

3.2.6. **When an entity transfers a financial asset (see paragraph 3.2.4), it shall evaluate the extent to which it retains the risks and rewards of ownership of the financial asset. In this case:**

. . . .

3.2.7. . . . .

3.2.8. . . . .

3.2.9. . . . .
Transfers that qualify for derecognition

. . . .

3.2.10. . . . .

3.2.11. . . . .

3.2.12. **On derecognition of a financial asset in its entirety, the difference between:**

. . . .

3.2.13. **If the transferred asset is part of a larger financial asset (eg when an entity transfers interest cash flows that are part of a debt instrument, see paragraph 3.2.2(a)) and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognised and the part that is derecognised, on the basis of the relative fair values of those parts on the date of the transfer. For this purpose, a retained servicing asset shall be treated as a part that continues to be recognised. The difference between:**

. . . .

3.2.14. . . . .
Transfers that do not qualify for derecognition

. . . .

3.2.15. . . . .
Continuing involvement in transferred assets

. . . .

3.2.16. **If an entity neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, the entity continues to recognise the transferred asset to the extent of its continuing involvement. The extent of the entity's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset. For example:**

. . . .

3.2.17. **When an entity continues to recognise an asset to the extent of its continuing involvement, the entity also recognises an associated liability. Despite the other measurement requirements in this Standard, the transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained. The associated liability is measured in such a way that the net carrying amount of the transferred asset and the associated liability is:**

. . . .

3.2.18. . . . .

3.2.19. . . . .

3.2.20. **If an entity's continuing involvement is in only a part of a financial asset (eg when an entity retains an option to repurchase part of a transferred asset, or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the entity retains control), the entity allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. For this purpose, the requirements of paragraph 3.2.14 apply. The difference between:**

. . . .

3.2.21. . . . .

All transfers

. . . .

3.2.22. . . . .

3.2.23. **If a transferor provides non-cash collateral (such as debt or equity instruments) to the transferee, the accounting for the collateral by the transferor and the transferee depends on whether the transferee has the right to sell or repledge the collateral and on whether the transferor has defaulted. The transferor and transferee shall account for the collateral as follows:**

. . . .

3.3 DERECOGNITION OF FINANCIAL LIABILITIES

. . . .

3.3.1. . . . .

3.3.2. . . . .

3.3.3. . . . .

3.3.4. . . . .

CHAPTER 4

Classification

4.1 CLASSIFICATION OF FINANCIAL ASSETS

. . . .

4.1.1. **Unless paragraph 4.1.5 applies, an entity shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:**

. . . .

4.1.2. **A financial asset shall be measured at amortised cost if both of the following conditions are met:**

. . . .

4.1.2 A **A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:**

. . . .

4.1.3. **For the purpose of applying paragraphs 4.1.2(b) and 4.1.2 A(b):**

. . . .

4.1.4. . . . .
Option to designate a financial asset at fair value through profit or loss

. . . .

4.1.5. . . . .

4.2 CLASSIFICATION OF FINANCIAL LIABILITIES

. . . .

4.2.1. **An entity shall classify all financial liabilities as subsequently measured at amortised cost, except for:**

. . . .
Option to designate a financial liability at fair value through profit or loss

. . . .

4.2.2. **An entity may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss when permitted by paragraph 4.3.5, or when doing so results in more relevant information, because either:**

. . . .

4.3 EMBEDDED DERIVATIVES

. . . .

4.3.1. . . . .
Hybrid contracts with financial asset hosts

. . . .

4.3.2. . . . .
Other hybrid contracts

. . . .

4.3.3. **If a hybrid contract contains a host that is not an asset within the scope of this Standard, an embedded derivative shall be separated from the host and accounted for as a derivative under this Standard if, and only if:**

. . . .

4.3.4. . . . .

4.3.5. **Despite paragraphs 4.3.3 and 4.3.4, if a contract contains one or more embedded derivatives and the host is not an asset within the scope of this Standard, an entity may designate the entire hybrid contract as at fair value through profit or loss unless:**

. . . .

4.3.6. . . . .

4.3.7. . . . .

4.4 RECLASSIFICATION

. . . .

4.4.1. . . . .

4.4.2. . . . .

4.4.3. The following changes in circumstances are not reclassifications for the purposes of paragraphs 4.4.1–4.4.2:

. . . .

CHAPTER 5

Measurement

5.1 INITIAL MEASUREMENT

. . . .

5.1.1. . . . .

5.1.1 A . . . .

5.1.2. . . . .

5.1.3. . . . .

5.2 SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS

. . . .

5.2.1. **After initial recognition, an entity shall measure a financial asset in accordance with paragraphs 4.1.1–4.1.5 at:**

. . . .

5.2.2. . . . .

5.2.3. . . . .

5.3 SUBSEQUENT MEASUREMENT OF FINANCIAL LIABILITIES

. . . .

5.3.1. . . . .

5.3.2. . . . .

5.4 AMORTISED COST MEASUREMENT

. . . .
Financial assets

. . . .
Effective interest method

. . . .

5.4.1. **Interest revenue shall be calculated by using the *effective interest method* (see Appendix A and paragraphs B5.4.1–B5.4.7). This shall be calculated by applying the *effective interest rate* to the *gross carrying amount of a financial asset* except for:**

. . . .

5.4.2. . . . .
Modification of contractual cash flows

. . . .

5.4.3. . . . .
Write-off

. . . .

5.4.4. . . . .

5.5 IMPAIRMENT

. . . .
Recognition of expected credit losses

. . . .
General approach

. . . .

5.5.1. . . . .

5.5.2. . . . .

5.5.3. . . . .

5.5.4. . . . .

5.5.5. . . . .

5.5.6. . . . .

5.5.7. . . . .

5.5.8. . . . .

Determining significant increases in credit risk

. . . .

5.5.9. . . . .

5.5.10. . . . .

5.5.11. . . . .

Modified financial assets

. . . .

5.5.12. If the contractual cash flows on a financial asset have been renegotiated or modified and the financial asset was not derecognised, an entity shall assess whether there has been a significant increase in the credit risk of the financial instrument in accordance with paragraph 5.5.3 by comparing:

. . . .

Purchased or originated credit-impaired financial assets

. . . .

5.5.13. . . . .

5.5.14. . . . .

Simplified approach for trade receivables, contract assets and lease receivables

. . . .

5.5.15. **Despite paragraphs 5.5.3 and 5.5.5, an entity shall always measure the loss allowance at an amount equal to lifetime expected credit losses for:**

. . . .

5.5.16. . . . .

Measurement of expected credit losses

. . . .

5.5.17. **An entity shall measure expected credit losses of a financial instrument in a way that reflects:**

. . . .

5.5.18. . . . .

5.5.19. . . . .

5.5.20. . . . .

5.6 RECLASSIFICATION OF FINANCIAL ASSETS

. . . .

5.6.1. . . . .

5.6.2. . . . .

5.6.3. . . . .

5.6.4. . . . .

5.6.5. . . . .

5.6.6. . . . .

5.6.7. . . . .

5.7 GAINS AND LOSSES

. . . .

5.7.1. **A gain or loss on a financial asset or financial liability that is measured at fair value shall be recognised in profit or loss unless:**

. . . .

5.7.1 A *Dividends* are recognised in profit or loss only when:

. . . .

5.7.2. . . . .

5.7.3. . . . .

5.7.4. . . . .
Investments in equity instruments

. . . .

5.7.5. . . . .

5.7.6. . . . .
Liabilities designated as at fair value through profit or loss

. . . .

5.7.7. **An entity shall present a gain or loss on a financial liability that is designated as at fair value through profit or loss in accordance with paragraph 4.2.2 or paragraph 4.3.5 as follows:**

. . . .

5.7.8. . . . .

5.7.9. . . . .

Assets measured at fair value through other comprehensive income

. . . .

5.7.10. . . . .

5.7.11. . . . .

CHAPTER 6

Hedge accounting

6.1 OBJECTIVE AND SCOPE OF HEDGE ACCOUNTING

. . . .

6.1.1. . . . .

6.1.2. . . . .

6.1.3. . . . .

6.2 HEDGING INSTRUMENTS

. . . .

Qualifying instruments

. . . .

6.2.1. . . . .

6.2.2. . . . .

6.2.3. . . . .

Designation of hedging instruments

. . . .

6.2.4. A qualifying instrument must be designated in its entirety as a hedging instrument. The only exceptions permitted are:

. . . .

6.2.5. An entity may view in combination, and jointly designate as the hedging instrument, any combination of the following (including those circumstances in which the risk or risks arising from some hedging instruments offset those arising from others):

. . . .

6.2.6. . . . .

6.3 HEDGED ITEMS

. . . .

Qualifying items

. . . .

6.3.1. **A hedged item can be a recognised asset or liability, an unrecognised *firm commitment* , a *forecast transaction* or a net investment in a foreign operation. The hedged item can be:**

. . . .

6.3.2. . . . .

6.3.3. . . . .

6.3.4. . . . .

6.3.5. . . . .

6.3.6. . . . .

Designation of hedged items

. . . .

6.3.7. An entity may designate an item in its entirety or a component of an item as the hedged item in a hedging relationship. An entire item comprises all changes in the cash flows or fair value of an item. A component comprises less than the entire fair value change or cash flow variability of an item. In that case, an entity may designate only the following types of components (including combinations) as hedged items:

. . . .

6.4 QUALIFYING CRITERIA FOR HEDGE ACCOUNTING

. . . .

6.4.1. **A hedging relationship qualifies for hedge accounting only if all of the following criteria are met:**

. . . .

6.5 ACCOUNTING FOR QUALIFYING HEDGING RELATIONSHIPS

. . . .

6.5.1. . . . .

6.5.2. **There are three types of hedging relationships:**

. . . .

6.5.3. . . . .

6.5.4. . . . .

6.5.5. . . . .

6.5.6. **An entity shall discontinue hedge accounting prospectively only when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria (after taking into account any rebalancing of the hedging relationship, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. For this purpose, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such a replacement or rollover is part of, and consistent with, the**

entity's documented risk management objective. Additionally, for this purpose there is not an expiration or termination of the hedging instrument if:

. . . .

6.5.7. An entity shall apply:

. . . .

Fair value hedges

. . . .

6.5.8. **As long as a fair value hedge meets the qualifying criteria in paragraph 6.4.1, the hedging relationship shall be accounted for as follows:**

. . . .

6.5.9. . . . .

6.5.10. . . . .

Cash flow hedges

. . . .

6.5.11. **As long as a cash flow hedge meets the qualifying criteria in paragraph 6.4.1, the hedging relationship shall be accounted for as follows:**

. . . .

6.5.12. When an entity discontinues hedge accounting for a cash flow hedge (see paragraphs 6.5.6 and 6.5.7(b)) it shall account for the amount that has been accumulated in the cash flow hedge reserve in accordance with paragraph 6.5.11(a) as follows:

. . . .

Hedges of a net investment in a foreign operation

. . . .

6.5.13. **Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment (see IAS 21), shall be accounted for similarly to cash flow hedges:**

. . . .

6.5.14. . . . .

Accounting for the time value of options

. . . .

6.5.15. When an entity separates the intrinsic value and time value of an option contract and designates as the hedging instrument only the change in intrinsic value of the option (see paragraph 6.2.4(a)), it shall account for the time value of the option as follows (see paragraphs B6.5.29–B6.5.33):

. . . .

Accounting for the forward element of forward contracts and foreign currency basis spreads of financial instruments

. . . .

6.5.16. . . . .

6.6 HEDGES OF A GROUP OF ITEMS

. . . .

Eligibility of a group of items as the hedged item

. . . .

6.6.1. **A group of items (including a group of items that constitute a net position; see paragraphs B6.6.1–B6.6.8) is an eligible hedged item only if:**

. . . .

Designation of a component of a nominal amount

. . . .

6.6.2. . . . .

6.6.3. A layer component of an overall group of items (for example, a bottom layer) is eligible for hedge accounting only if:

. . . .

Presentation

. . . .

6.6.4. . . . .

6.6.5. . . . .

Nil net positions

. . . .

6.6.6. When the hedged item is a group that is a nil net position (ie the hedged items among themselves fully offset the risk that is managed on a group basis), an entity is permitted to designate it in a hedging relationship that does not include a hedging instrument, provided that:

. . . .

6.7 OPTION TO DESIGNATE A CREDIT EXPOSURE AS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

. . . .

Eligibility of credit exposures for designation at fair value through profit or loss

. . . .

6.7.1. **If an entity uses a credit derivative that is measured at fair value through profit or loss to manage the credit risk of all, or a part of, a financial instrument (credit exposure) it may designate that financial instrument to the extent that it is so managed (ie all or a proportion of it) as measured at fair value through profit or loss if:**

. . . .

Accounting for credit exposures designated at fair value through profit or loss

. . . .

6.7.2. . . . .

6.7.3. An entity shall discontinue measuring the financial instrument that gave rise to the credit risk, or a proportion of that financial instrument, at fair value through profit or loss if:

. . . .

6.7.4. . . . .

6.8 TEMPORARY EXCEPTIONS FROM APPLYING SPECIFIC HEDGE ACCOUNTING REQUIREMENTS

. . . .

6.8.1. An entity shall apply paragraphs 6.8.4–6.8.12 and paragraphs 7.1.8 and 7.2.26(d) to all hedging relationships directly affected by interest rate benchmark reform. These paragraphs apply only to such hedging relationships. A hedging relationship is directly affected by interest rate benchmark reform only if the reform gives rise to uncertainties about:

. . . .

6.8.2. . . . .

6.8.3. . . . .

Highly probable requirement for cash flow hedges

. . . .

6.8.4. . . . .

Reclassifying the amount accumulated in the cash flow hedge reserve

. . . .

6.8.5. . . . .

Assessing the economic relationship between the hedged item and the hedging instrument

. . . .

6.8.6. . . . .

Designating a component of an item as a hedged item

. . . .

6.8.7. . . . .

6.8.8. . . . .

End of application

. . . .

6.8.9. An entity shall prospectively cease applying paragraph 6.8.4 to a hedged item at the earlier of:

. . . .

6.8.10. An entity shall prospectively cease applying paragraph 6.8.5 at the earlier of:

. . . .

6.8.11. An entity shall prospectively cease applying paragraph 6.8.6:

. . . .

6.8.12. . . . .

CHAPTER 7

Effective date and transition

7.1 EFFECTIVE DATE

. . . .

7.1.1. . . . .

7.1.2. . . . .

7.1.3. . . . .

7.1.4. . . . .

7.1.5. . . . .

7.1.7. . . . .

7.1.8. . . . .

7.2 TRANSITION

. . . .

7.2.1. . . . .

7.2.2. . . . .

Transition for classification and measurement (Chapters 4 and 5)

. . . .

7.2.3. . . . .

7.2.4. . . . .

7.2.5. . . . .

7.2.6. . . . .

7.2.7. . . . .

7.2.8. At the date of initial application an entity may designate:

. . . .

7.2.9. At the date of initial application an entity:

. . . .

7.2.10. At the date of initial application, an entity:

. . . .

7.2.11. If it is impracticable (as defined in IAS 8) for an entity to apply retrospectively the effective interest method, the entity shall treat:

. . . .

7.2.12. . . . .

7.2.13. . . . .

7.2.14. . . . .

7.2.15. . . . .

7.2.16. . . . .

Impairment (Section 5.5)

. . . .

7.2.17. . . . .

7.2.18. . . . .

7.2.19. When determining whether there has been a significant increase in credit risk since initial recognition, an entity may apply:

. . . .

7.2.20. . . . .

Transition for hedge accounting (Chapter 6)

. . . .

7.2.21. . . . .

7.2.22. . . . .

7.2.23. . . . .

7.2.24. . . . .

7.2.25. On initial application of the hedge accounting requirements of this Standard, an entity:

. . . .

7.2.26. As an exception to prospective application of the hedge accounting requirements of this Standard, an entity:

. . . .

Entities that have applied IFRS 9 (2009), IFRS 9 (2010) or IFRS 9 (2013) early

. . . .

7.2.27. . . . .

7.2.28. An entity that applied IFRS 9 (2009), IFRS 9 (2010) or IFRS 9 (2013) and subsequently applies this Standard:

. . . .

Transition for Prepayment Features with Negative Compensation

. . . .

7.2.29 . . . .

7.2.30 . . . .

7.2.31 . . . .

7.2.32 With regard to designating a financial asset or financial liability as measured at fair value through profit or loss, an entity:

. . . .

7.2.33 . . . .

7.2.34 In the reporting period that includes the date of initial application of these amendments, the entity shall disclose the following information as at that date of initial application for each class of financial assets and financial liabilities that were affected by these amendments:

. . . .

7.3 WITHDRAWAL OF IFRIC 9, IFRS 9 (2009), IFRS 9 (2010) AND IFRS 9 (2013)

. . . .

7.3.1. . . . .

7.3.2. . . . .

Appendix A

Defined terms

. . . .

Appendix B

Application guidance

. . . .

SCOPE (CHAPTER 2)

. . . .

B2.1 . . . .

B2.2 . . . .

B2.3 . . . .

B2.4 . . . .

B2.5 Financial guarantee contracts may have various legal forms, such as a guarantee, some types of letter of credit, a credit default contract or an insurance contract. Their accounting treatment does not depend on their legal form. The following are examples of the appropriate treatment (see paragraph 2.1(e)):

. . . .

B2.6 . . . .

RECOGNITION AND DERECOGNITION (CHAPTER 3)

. . . .

Initial recognition (Section 3.1)

. . . .

B3.1.1 . . . .

B3.1.2 The following are examples of applying the principle in paragraph 3.1.1:

. . . .

Regular way purchase or sale of financial assets

. . . .

B3.1.3 . . . .

B3.1.4 . . . .

B3.1.5 . . . .

B3.1.6 . . . .

Derecognition of financial assets (Section 3.2)

. . . .

B3.2.1 The following flow chart illustrates the evaluation of whether and to what extent a financial asset is derecognised.

. . . .

Arrangements under which an entity retains the contractual rights to receive the cash flows of a financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients (paragraph 3.2.4(b))

. . . .

B3.2.2 . . . .

B3.2.3 . . . .

Evaluation of the transfer of risks and rewards of ownership (paragraph 3.2.6)

. . . .

B3.2.4 Examples of when an entity has transferred substantially all the risks and rewards of ownership are:

. . . .

B3.2.5 Examples of when an entity has retained substantially all the risks and rewards of ownership are:

. . . .

B3.2.6 . . . .

Evaluation of the transfer of control

. . . .

B3.2.7 . . . .

B3.2.8 The transferee has the practical ability to sell the transferred asset only if the transferee can sell the transferred asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. The critical question is what the transferee is able to do in practice, not what contractual rights the transferee has concerning what it can do with the transferred asset or what contractual prohibitions exist. In particular:

. . . .

B3.2.9 . . . .

Transfers that qualify for derecognition

. . . .

B3.2.10 . . . .

B3.2.11 . . . .

Transfers that do not qualify for derecognition

. . . .

B3.2.12 . . . .

Continuing involvement in transferred assets

. . . .

B3.2.13 . . . .

All assets

. . . .

(a) . . . .

Assets measured at amortised cost

. . . .

(b) . . . .

Assets measured at fair value

. . . .

(c) . . . .

(d) . . . .

(e) . . . .

All transfers

. . . .

B3.2.14 . . . .

B3.2.15 . . . .

Examples

. . . .

B3.2.16 The following examples illustrate the application of the derecognition principles of this Standard.

. . . .

B3.2.17 This paragraph illustrates the application of the continuing involvement approach when the entity's continuing involvement is in a part of a financial asset.

. . . .

. . . .

Derecognition of financial liabilities (Section 3.3)

. . . .

B3.3.1 A financial liability (or part of it) is extinguished when the debtor either:

. . . .

B3.3.2 . . . .

B3.3.3 . . . .

B3.3.4 . . . .

B3.3.5 . . . .

B3.3.6 . . . .

B3.3.7 In some cases, a creditor releases a debtor from its present obligation to make payments, but the debtor assumes a guarantee obligation to pay if the party assuming primary responsibility defaults. In these circumstances the debtor:

. . . .

CLASSIFICATION (CHAPTER 4)

. . . .

Classification of financial assets (Section 4.1)

. . . .

The entity's business model for managing financial assets

. . . .

B4.1.1 . . . .

B4.1.2 . . . .

B4.1.2A . . . .

B4.1.2B An entity's business model for managing financial assets is a matter of fact and not merely an assertion. It is typically observable through the activities that the entity undertakes to achieve the objective of the business model. An entity will need to use judgement when it assesses its business model for managing financial assets and that assessment is not determined by a single factor or activity. Instead, the entity must consider all relevant evidence that is available at the date of the assessment. Such relevant evidence includes, but is not limited to:

. . . .

A business model whose objective is to hold assets in order to collect contractual cash flows

. . . .

B4.1.2C . . . .

B4.1.3 . . . .

B4.1.3A . . . .

B4.1.3B . . . .

B4.1.4 . . . .

A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets

. . . .

B4.1.4A . . . .

B4.1.4B . . . .

B4.1.4C . . . .

Other business models

. . . .

B4.1.5 . . . .

B4.1.6 . . . .

Contractual cash flows that are solely payments of principal and interest on the principal amount outstanding

. . . .

B4.1.7 . . . .

B4.1.7 A . . . .

B4.1.7B . . . .

B4.1.8 . . . .

B4.1.9 . . . .

Consideration for the time value of money

. . . .

B4.1.9 A . . . .

B4.1.9B . . . .

B4.1.9C . . . .

B4.1.9D . . . .

B4.1.9E . . . .

Contractual terms that change the timing or amount of contractual cash flows

. . . .

B4.1.10 . . . .

B4.1.11 The following are examples of contractual terms that result in contractual cash flows that are solely payments of principal and interest on the principal amount outstanding:

. . . .

B4.1.12 Despite paragraph B4.1.10, a financial asset that would otherwise meet the condition in paragraphs 4.1.2(b) and 4.1.2 A(b) but does not do so only as a result of a contractual term that permits (or requires) the issuer to prepay a debt instrument or permits (or requires) the holder to put a debt instrument back to the issuer before maturity is eligible to be measured at amortised cost or fair value through other comprehensive income (subject to meeting the condition in paragraph 4.1.2(a) or the condition in paragraph 4.1.2 A(a)) if:

. . . .

B4.1.12 A . . . .

B4.1.13 . . . .

B4.1.14 . . . .

B4.1.15 . . . .

B4.1.16 . . . .

B4.1.17 . . . .

B4.1.18 . . . .

B4.1.19 . . . .

Contractually linked instruments

. . . .

B4.1.20 . . . .

B4.1.21 In such transactions, a tranche has cash flow characteristics that are payments of principal and interest on the principal amount outstanding only if:

. . . .

B4.1.22 . . . .

B4.1.23 . . . .

B4.1.24 The underlying pool of instruments may also include instruments that:

. . . .

B4.1.25 . . . .

B4.1.26 . . . .

Option to designate a financial asset or financial liability as at fair value through profit or loss (Sections 4.1 and 4.2)

. . . .

B4.1.27 . . . .

B4.1.28 . . . .

Designation eliminates or significantly reduces an accounting mismatch

. . . .

B4.1.29 . . . .

B4.1.30 The following examples show when this condition could be met. In all cases, an entity may use this condition to designate financial assets or financial liabilities as at fair value through profit or loss only if it meets the principle in paragraph 4.1.5 or 4.2.2(a):

. . . .

B4.1.31 . . . .

B4.1.32 . . . .

A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis

. . . .

B4.1.33 . . . .

B4.1.34 . . . .

B4.1.35 . . . .

B4.1.36 . . . .

Embedded derivatives (Section 4.3)

. . . .

B4.3.1 . . . .

B4.3.2 . . . .

B4.3.3 . . . .

B4.3.4 . . . .

B4.3.5 The economic characteristics and risks of an embedded derivative are not closely related to the host contract (paragraph 4.3.3(a)) in the following examples. In these examples, assuming the conditions in paragraph 4.3.3(b) and (c) are met, an entity accounts for the embedded derivative separately from the host contract.

. . . .

B4.3.6 . . . .

B4.3.7 . . . .

B4.3.8 The economic characteristics and risks of an embedded derivative are closely related to the economic characteristics and risks of the host contract in the following examples. In these examples, an entity does not account for the embedded derivative separately from the host contract.

. . . .

Instruments containing embedded derivatives

. . . .

B4.3.9 . . . .

B4.3.10 . . . .

Reassessment of embedded derivatives

. . . .

B4.3.11 . . . .

B4.3.12 Paragraph B4.3.11 does not apply to embedded derivatives in contracts acquired in:

. . . .

Reclassification of financial assets (Section 4.4)

. . . .

Reclassification of financial assets

. . . .

B4.4.1 Paragraph 4.4.1 requires an entity to reclassify financial assets if the entity changes its business model for managing those financial assets. Such changes are expected to be very infrequent. Such changes are determined by the entity's senior management as a result of external or internal changes and must be significant to the entity's operations and demonstrable to external parties. Accordingly, a change in an entity's business model will occur only when an entity either begins or ceases to perform an activity that is significant to its operations; for example, when the entity has acquired, disposed of or terminated a business line. Examples of a change in business model include the following:

. . . .

B4.4.2 . . . .

B4.4.3 The following are not changes in business model:

. . . .

MEASUREMENT (CHAPTER 5)

. . . .

Initial measurement (Section 5.1)

. . . .

B5.1.1 . . . .

B5.1.2 . . . .

B5.1.2 A The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price (ie the fair value of the consideration given or received, see also IFRS 13). If an entity determines that the fair value at initial recognition differs from the transaction price as mentioned in paragraph 5.1.1 A, the entity shall account for that instrument at that date as follows:

. . . .

Subsequent measurement (Sections 5.2 and 5.3)

. . . .

B5.2.1 . . . .

B5.2.2 . . . .

B5.2.2 A . . . .

Investments in equity instruments and contracts on those investments

. . . .

B5.2.3 . . . .

B5.2.4 Indicators that cost might not be representative of fair value include:

. . . .

B5.2.5 . . . .

B5.2.6 . . . .

Amortised cost measurement (Section 5.4)

. . . .

Effective interest method

. . . .

B5.4.1 . . . .

B5.4.2 Fees that are an integral part of the effective interest rate of a financial instrument include:

. . . .

B5.4.3 Fees that are not an integral part of the effective interest rate of a financial instrument and are accounted for in accordance with IFRS 15 include:

. . . .

B5.4.4 . . . .

B5.4.5 . . . .

B5.4.6 . . . .

B5.4.7 . . . .

Transaction costs

. . . .

B5.4.8 . . . .

Write-off

. . . .

B5.4.9 . . . .

Impairment (Section 5.5)

. . . .

Collective and individual assessment basis

. . . .

B5.5.1 . . . .

B5.5.2 . . . .

B5.5.3 . . . .

B5.5.4 . . . .

B5.5.5 For the purpose of determining significant increases in credit risk and recognising a loss allowance on a collective basis, an entity can group financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The entity should not obscure this information by grouping financial instruments with different risk characteristics. Examples of shared credit risk characteristics may include, but are not limited to, the:

. . . .

B5.5.6 . . . .

Timing of recognising lifetime expected credit losses

. . . .

B5.5.7 . . . .

B5.5.8 . . . .

B5.5.9 . . . .

B5.5.10 . . . .

B5.5.11 . . . .

B5.5.12 An entity may apply various approaches when assessing whether the credit risk on a financial instrument has increased significantly since initial recognition or when measuring expected credit losses. An entity may apply different approaches for different financial instruments. An approach that does not include an explicit probability of default as an input per se, such as a credit loss rate approach, can be consistent with the requirements in this Standard, provided that an entity is able to separate the changes in the risk of a default occurring from changes in other drivers of expected credit losses, such as collateral, and considers the following when making the assessment:

. . . .

B5.5.13 . . . .

B5.5.14 However, for some financial instruments, or in some circumstances, it may not be appropriate to use changes in the risk of a default occurring over the next 12 months to determine whether lifetime expected credit losses should be recognised. For example, the change in the risk of a default occurring in the next 12 months may not be a suitable basis for determining whether credit risk has increased on a financial instrument with a maturity of more than 12 months when:

. . . .

Determining whether credit risk has increased significantly since initial recognition

. . . .

B5.5.15 . . . .

B5.5.16 . . . .

B5.5.17 The following non-exhaustive list of information may be relevant in assessing changes in credit risk:

. . . .

B5.5.18 . . . .

More than 30 days past due rebuttable presumption

. . . .

B5.5.19 . . . .

B5.5.20 . . . .

B5.5.21 . . . .

Financial instruments that have low credit risk at the reporting date

. . . .

B5.5.22 . . . .

B5.5.23 . . . .

B5.5.24 . . . .

Modifications

. . . .

B5.5.25 . . . .

B5.5.26 . . . .

B5.5.27 . . . .

Measurement of expected credit losses

. . . .

Expected credit losses

. . . .

B5.5.28 . . . .

B5.5.29 For financial assets, a credit loss is the present value of the difference between:

. . . .

B5.5.30 For undrawn loan commitments, a credit loss is the present value of the difference between:

. . . .

B5.5.31 . . . .

B5.5.32 . . . .

B5.5.33 . . . .

B5.5.34 . . . .

B5.5.35 . . . .

Definition of default

. . . .

B5.5.36 . . . .

B5.5.37 . . . .

Period over which to estimate expected credit losses

. . . .

B5.5.38 . . . .

B5.5.39 However, in accordance with paragraph 5.5.20, some financial instruments include both a loan and an undrawn commitment component and the entity's contractual ability to demand repayment and cancel the undrawn commitment does not limit the entity's exposure to credit losses to the contractual notice period. For example, revolving credit facilities, such as credit cards and overdraft facilities, can be contractually withdrawn by the lender with as little as one day's notice. However, in practice lenders continue to extend credit for a longer period and may only withdraw the facility after the credit risk of the borrower increases, which could be too late to prevent some or all of the expected credit losses. These financial instruments generally have the following characteristics as a result of the nature of the financial instrument, the way in which the financial instruments are managed, and the nature of the available information about significant increases in credit risk:

. . . .

B5.5.40 When determining the period over which the entity is expected to be exposed to credit risk, but for which expected credit losses would not be mitigated by the entity's normal credit risk management actions, an entity should consider factors such as historical information and experience about:

. . . .

Probability-weighted outcome

. . . .

B5.5.41 . . . .

B5.5.42 . . . .

B5.5.43 . . . .

Time value of money

. . . .

B5.5.44 . . . .

B5.5.45 . . . .

B5.5.46 . . . .

B5.5.47 . . . .

B5.5.48 . . . .

Reasonable and supportable information

. . . .

B5.5.49 . . . .

B5.5.50 . . . .

B5.5.51 . . . .

B5.5.52 . . . .

B5.5.53 . . . .

B5.5.54 . . . .

Collateral

. . . .

B5.5.55 . . . .

Reclassification of financial assets (Section 5.6)

. . . .

B5.6.1 If an entity reclassifies financial assets in accordance with paragraph 4.4.1, paragraph 5.6.1 requires that the reclassification is applied prospectively from the reclassification date. Both the amortised cost measurement category and the fair value through other comprehensive income measurement category require that the effective interest rate is determined at initial recognition. Both of those measurement categories also require that the impairment requirements are applied in the same way. Consequently, when an entity reclassifies a financial asset between the amortised cost measurement category and the fair value through other comprehensive income measurement category:

. . . .

B5.6.2 . . . .

Gains and losses (Section 5.7)

. . . .

B5.7.1 . . . .

B5.7.1A . . . .

B5.7.2 . . . .

B5.7.2A . . . .

B5.7.3 . . . .

B5.7.4 . . . .

Liabilities designated as at fair value through profit or loss

. . . .

B5.7.5 . . . .

B5.7.6 . . . .

B5.7.7 . . . .

B5.7.8 . . . .

B5.7.9 . . . .

B5.7.10 . . . .

B5.7.11 . . . .

B5.7.12 . . . .

The meaning of ‘ credit risk ’ (paragraphs 5.7.7 and 5.7.8)

. . . .

B5.7.13 . . . .

B5.7.14 . . . .

B5.7.15 The following are examples of asset-specific performance risk:

. . . .

Determining the effects of changes in credit risk

. . . .

B5.7.16 For the purposes of applying the requirement in paragraph 5.7.7(a), an entity shall determine the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability either:

. . . .

B5.7.17 . . . .

B5.7.18 If the only significant relevant changes in market conditions for a liability are changes in an observed (benchmark) interest rate, the amount in paragraph B5.7.16(a) can be estimated as follows:

. . . .

B5.7.19 . . . .

B5.7.20 . . . .

HEDGE ACCOUNTING (CHAPTER 6)

. . . .

Hedging instruments (Section 6.2)

. . . .

Qualifying instruments

. . . .

B6.2.1 . . . .

B6.2.2 . . . .

B6.2.3 . . . .

Written options

. . . .

B6.2.4 . . . .

Designation of hedging instruments

. . . .

B6.2.5 . . . .

B6.2.6 . . . .

Hedged items (Section 6.3)

. . . .

Qualifying items

. . . .

B6.3.1 . . . .

B6.3.2 . . . .

B6.3.3 Paragraph 6.3.4 permits an entity to designate as hedged items aggregated exposures that are a combination of an exposure and a derivative. When designating such a hedged item, an entity assesses whether the aggregated exposure combines an exposure with a derivative so that it creates a different aggregated exposure that is managed as one exposure for a particular risk (or risks). In that case, the entity may designate the hedged item on the basis of the aggregated exposure. For example:

. . . .

B6.3.4 When designating the hedged item on the basis of the aggregated exposure, an entity considers the combined effect of the items that constitute the aggregated exposure for the purpose of assessing hedge effectiveness and measuring hedge ineffectiveness.

However, the items that constitute the aggregated exposure remain accounted for separately. This means that, for example:

. . . .

B6.3.5 . . . .

B6.3.6 . . . .

Designation of hedged items

. . . .

B6.3.7 . . . .

Risk components

. . . .

B6.3.8 . . . .

B6.3.9 . . . .

B6.3.10 When designating risk components as hedged items, an entity considers whether the risk components are explicitly specified in a contract (contractually specified risk components) or whether they are implicit in the fair value or the cash flows of an item of which they are a part (non-contractually specified risk components). Non-contractually specified risk components can relate to items that are not a contract (for example, forecast transactions) or contracts that do not explicitly specify the component (for example, a firm commitment that includes only one single price instead of a pricing formula that references different underlyings). For example:

. . . .

B6.3.11 . . . .

B6.3.12 . . . .

B6.3.13 . . . .

B6.3.14 . . . .

B6.3.15 . . . .

Components of a nominal amount

. . . .

B6.3.16 . . . .

B6.3.17 . . . .

B6.3.18 A layer component may be specified from a defined, but open, population, or from a defined nominal amount. Examples include:

. . . .

B6.3.19 . . . .

B6.3.20 . . . .

Relationship between components and the total cash flows of an item

. . . .

B6.3.21 . . . .

B6.3.22 For example, in the case of a financial liability whose effective interest rate is below LIBOR, an entity cannot designate:

. . . .

B6.3.23 . . . .

B6.3.24 . . . .

B6.3.25 . . . .

Qualifying criteria for hedge accounting (Section 6.4)

. . . .

Hedge effectiveness

. . . .

B6.4.1 . . . .

B6.4.2 . . . .

B6.4.3 . . . .

Economic relationship between the hedged item and the hedging instrument

. . . .

B6.4.4 . . . .

B6.4.5 . . . .

B6.4.6 . . . .

The effect of credit risk

. . . .

B6.4.7 . . . .

B6.4.8 . . . .

Hedge ratio

. . . .

B6.4.9 . . . .

B6.4.10 . . . .

B6.4.11 Examples of relevant considerations in assessing whether an accounting outcome is inconsistent with the purpose of hedge accounting are:

. . . .

Frequency of assessing whether the hedge effectiveness requirements are met

. . . .

B6.4.12 . . . .

Methods for assessing whether the hedge effectiveness requirements are met

. . . .

B6.4.13 . . . .

B6.4.14 . . . .

B6.4.15 . . . .

B6.4.16 . . . .

B6.4.17 . . . .

B6.4.18 . . . .

B6.4.19 . . . .

Accounting for qualifying hedging relationships (Section 6.5)

. . . .

B6.5.1 . . . .

B6.5.2 . . . .

B6.5.3 . . . .

Measurement of hedge ineffectiveness

. . . .

B6.5.4 . . . .

B6.5.5 . . . .

B6.5.6 . . . .

Rebalancing the hedging relationship and changes to the hedge ratio

. . . .

B6.5.7 . . . .

B6.5.8 . . . .

B6.5.9 . . . .

B6.5.10 . . . .

B6.5.11 Not every change in the extent of offset between the changes in the fair value of the hedging instrument and the hedged item's fair value or cash flows constitutes a change in the relationship between the hedging instrument and the hedged item. An entity analyses the sources of hedge ineffectiveness that it expected to affect the hedging relationship during its term and evaluates whether changes in the extent of offset are:

. . . .

B6.5.12 . . . .

B6.5.13 . . . .

B6.5.14 Rebalancing means that, for hedge accounting purposes, after the start of a hedging relationship an entity adjusts the quantities of the hedging instrument or the hedged item in response to changes in circumstances that affect the hedge ratio of that hedging relationship. Typically, that adjustment should reflect adjustments in the quantities of the hedging instrument and the hedged item that it actually uses. However, an entity must adjust the hedge ratio that results from the quantities of the hedged item or the hedging instrument that it actually uses if:

. . . .

B6.5.15 . . . .

B6.5.16 If a hedging relationship is rebalanced, the adjustment to the hedge ratio can be effected in different ways:

. . . .

B6.5.17 . . . .

B6.5.18 . . . .

B6.5.19 . . . .

B6.5.20 . . . .

B6.5.21 . . . .

Discontinuation of hedge accounting

. . . .

B6.5.22 . . . .

B6.5.23 An entity shall not de-designate and thereby discontinue a hedging relationship that:

. . . .

B6.5.24 For the purposes of this Standard, an entity's risk management strategy is distinguished from its risk management objectives. The risk management strategy is established at the highest level at which an entity determines how it manages its risk. Risk management strategies typically identify the risks to which the entity is exposed and set out how the entity responds to them. A risk management strategy is typically in place for a longer period and may include some flexibility to react to changes in circumstances that occur while that strategy is in place (for example, different interest rate or commodity price levels that result in a different extent of hedging). This is normally set out in a general document that is cascaded down through an entity through policies containing more specific guidelines. In contrast, the risk management objective for a hedging relationship applies at the level of a particular hedging relationship. It relates to how the particular hedging instrument that has been designated is used to hedge the particular exposure that has been designated as the hedged item. Hence, a risk management strategy can involve many different hedging relationships whose risk management objectives relate to executing that overall risk management strategy. For example:

. . . .

B6.5.25 The discontinuation of hedge accounting can affect:

. . . .

B6.5.26 A hedging relationship is discontinued in its entirety when, as a whole, it ceases to meet the qualifying criteria. For example:

. . . .

B6.5.27 A part of a hedging relationship is discontinued (and hedge accounting continues for its remainder) when only a part of the hedging relationship ceases to meet the qualifying criteria. For example:

. . . .

B6.5.28 An entity can designate a new hedging relationship that involves the hedging instrument or hedged item of a previous hedging relationship for which hedge accounting was (in part or in its entirety) discontinued. This does not constitute a continuation of a hedging relationship but is a restart. For example:

. . . .

Accounting for the time value of options

. . . .

B6.5.29 An option can be considered as being related to a time period because its time value represents a charge for providing protection for the option holder over a period of time. However, the relevant aspect for the purpose of assessing whether an option hedges a transaction or time-period related hedged item are the characteristics of that hedged item, including how and when it affects profit or loss. Hence, an entity shall assess the type of hedged item (see paragraph 6.5.15(a)) on the basis of the nature of the hedged item (regardless of whether the hedging relationship is a cash flow hedge or a fair value hedge):

. . . .

B6.5.30 The characteristics of the hedged item, including how and when the hedged item affects profit or loss, also affect the period over which the time value of an option that hedges a time-period related hedged item is amortised, which is consistent with the period over which the option's intrinsic value can affect profit or loss in accordance with hedge accounting. For example, if an interest rate option (a cap) is used to provide protection against increases in the interest expense on a floating rate bond, the time value of that cap is amortised to profit or loss over the same period over which any intrinsic value of the cap would affect profit or loss:

. . . .

B6.5.31 The accounting for the time value of options in accordance with paragraph 6.5.15 also applies to a combination of a purchased and a written option (one being a put option and one being a call option) that at the date of designation as a hedging instrument has a net nil time value (commonly referred to as a 'zero-cost collar'). In that case, an entity shall recognise any changes in time value in other comprehensive income, even though the cumulative change in time value over the total period of the hedging relationship is nil. Hence, if the time value of the option relates to:

. . . .

B6.5.32 . . . .

B6.5.33 If the actual time value and the aligned time value differ, an entity shall determine the amount that is accumulated in a separate component of equity in accordance with paragraph 6.5.15 as follows:

. . . .

Accounting for the forward element of forward contracts and foreign currency basis spreads of financial instruments

. . . .

B6.5.34 A forward contract can be considered as being related to a time period because its forward element represents charges for a period of time (which is the tenor for which it is determined). However, the relevant aspect for the purpose of assessing whether a hedging instrument hedges a transaction or time-period related hedged item are the characteristics of that hedged item, including how and when it affects profit or loss. Hence, an entity shall assess the type of hedged item (see paragraphs 6.5.16 and 6.5.15(a)) on the basis of the nature of the hedged item (regardless of whether the hedging relationship is a cash flow hedge or a fair value hedge):

. . . .

B6.5.35 . . . .

B6.5.36 The accounting for the forward element of a forward contract in accordance with paragraph 6.5.16 also applies if, at the date on which the forward contract is designated as a hedging instrument, the forward element is nil. In that case, an entity shall recognise any fair value changes attributable to the forward element in other comprehensive income, even though the cumulative fair value change attributable to the forward element over the total period of the hedging relationship is nil. Hence, if the forward element of a forward contract relates to:

. . . .

B6.5.37 . . . .

B6.5.38 If the actual forward element and the aligned forward element differ, an entity shall determine the amount that is accumulated in a separate component of equity in accordance with paragraph 6.5.16 as follows:

. . . .

B6.5.39 . . . .

Hedge of a group of items (Section 6.6)

. . . .

Hedge of a net position

. . . .

Eligibility for hedge accounting and designation of a net position

. . . .

B6.6.1 . . . .

B6.6.2 . . . .

B6.6.3 . . . .

B6.6.4 . . . .

Application of the hedge effectiveness requirements to a hedge of a net position

. . . .

B6.6.5 When an entity determines whether the hedge effectiveness requirements of paragraph 6.4.1(c) are met when it hedges a net position, it shall consider the changes in the value of the items in the net position that have a similar effect as the hedging instrument in conjunction with the fair value change on the hedging instrument. For example, an entity has a group of firm sale commitments in nine months' time for FC100 and a group of firm purchase commitments in 18 months' time for FC120. It hedges the foreign currency risk of the net position of FC20 using a forward exchange contract for FC20. When determining whether the hedge effectiveness requirements of paragraph 6.4.1(c) are met, the entity shall consider the relationship between:

. . . .

B6.6.6 . . . .

Cash flow hedges that constitute a net position

. . . .

B6.6.7 . . . .

B6.6.8 For example, an entity has a net position that consists of a bottom layer of FC100 of sales and a bottom layer of FC150 of purchases. Both sales and purchases are denominated in the same foreign currency. In order to sufficiently specify the designation of the hedged net position, the entity specifies in the original documentation of the hedging relationship that sales can be of Product A or Product B and purchases can be of Machinery Type A, Machinery Type B and Raw Material A. The entity also specifies the volumes of the transactions by each nature. The entity documents that the bottom layer of sales (FC100) is made up of a forecast sales volume of the first FC70 of Product A and the first FC30 of Product B. If those sales volumes are expected to affect profit or loss in different reporting periods, the entity would include that in the documentation, for example, the first FC70 from sales of Product A that are expected to affect profit or loss in the first reporting period and the first FC30 from sales of Product B that are expected to affect profit or loss in the second reporting period. The entity also documents that the bottom layer of the purchases (FC150) is made up of purchases of the first FC60 of Machinery Type A, the first FC40 of Machinery Type B and the first FC50 of Raw Material A. If those purchase volumes are expected to affect profit or loss in different reporting periods, the entity would include in the documentation a disaggregation of the purchase volumes by the reporting periods in which they are expected to affect profit or loss (similarly to how it documents the sales volumes). For example, the forecast transaction would be specified as:

. . . .

B6.6.9 For a cash flow hedge of a net position, the amounts determined in accordance with paragraph 6.5.11 shall include the changes in the value of the items in the net position that have a similar effect as the hedging instrument in conjunction with the fair value change on the hedging instrument. However, the changes in the value of the items in the net position that have a similar effect as the hedging instrument are recognised only once the transactions that they relate to are recognised, such as when a forecast sale is recognised as revenue. For example, an entity has a group of highly probable forecast sales in nine months' time for FC100 and a group of highly probable forecast purchases in 18 months' time for FC120. It hedges the foreign currency risk of the net position of FC20 using a forward exchange contract for FC20. When determining the amounts that are recognised in the cash flow hedge reserve in accordance with paragraph 6.5.11(a)–6.5.11(b), the entity compares:

. . . .

B6.6.10 . . . .

Layers of groups of items designated as the hedged item

. . . .

B6.6.11 . . . .

B6.6.12 . . . .

Presentation of hedging instrument gains or losses

. . . .

B6.6.13 . . . .

B6.6.14 . . . .

B6.6.15 . . . .

B6.6.16 . . . .

EFFECTIVE DATE AND TRANSITION (CHAPTER 7)

. . . .

Transition (Section 7.2)

. . . .

Financial assets held for trading

. . . .

B7.2.1 . . . .

Impairment

. . . .

B7.2.2 . . . .

B7.2.3 . . . .

B7.2.4 . . . .

DEFINITIONS (APPENDIX A)

. . . .

Derivatives

. . . .

BA.1 . . . .

BA.2 . . . .

BA.3 . . . .

BA.4 . . . .

BA.5 . . . .

Financial assets and liabilities held for trading

. . . .

BA.6 . . . .

BA.7 Financial liabilities held for trading include:

. . . .

BA.8 . . . .

INTERNATIONAL FINANCIAL REPORTING STANDARD 10

Consolidated Financial Statements

OBJECTIVE

. . . .

1 . . . .

Meeting the objective

. . . .

2 To meet the objective in paragraph 1, this IFRS:

. . . .

3 . . . .

SCOPE

. . . .

4 An entity that is a parent shall present consolidated financial statements. This IFRS applies to all entities, except as follows:

. . . .

4A . . . .

4B . . . .

Control

. . . .

5 . . . .

6 . . . .

7 **Thus, an investor controls an investee if and only if the investor has all the following:**

. . . .

8 . . . .

9 . . . .

Power

. . . .

10 . . . .

11 . . . .

12 . . . .

13 . . . .

14 . . . .

Returns

. . . .

15 . . . .

16 . . . .

Link between power and returns

. . . .

17 . . . .

18 . . . .

ACCOUNTING REQUIREMENTS

. . . .

19 . . . .

20 . . . .

21 . . . .

Non-controlling interests

. . . .

22 . . . .

23 . . . .

24 . . . .

Loss of control

. . . .

25 If a parent loses control of a subsidiary, the parent:

. . . .

26 . . . .

DETERMINING WHETHER AN ENTITY IS AN INVESTMENT ENTITY

. . . .

27 **A parent shall determine whether it is an investment entity. An investment entity is an entity that:**

. . . .

28 In assessing whether it meets the definition described in paragraph 27, an entity shall consider whether it has the following typical characteristics of an investment entity:

. . . .

29 . . . .

30 . . . .

INVESTMENT ENTITIES: EXCEPTION TO CONSOLIDATION

. . . .

31 . . . .

32 . . . .

33 . . . .

Appendix A

Defined terms

. . . .

Appendix B

Application guidance

. . . .

B1 . . . .

ASSESSING CONTROL

. . . .

B2 To determine whether it controls an investee an investor shall assess whether it has all the following:

. . . .

B3 Consideration of the following factors may assist in making that determination:

. . . .

B4 . . . .

Purpose and design of an investee

. . . .

B5 . . . .

B6 . . . .

B7 . . . .

B8 . . . .

Power

. . . .

B9 . . . .

B10 . . . .

Relevant activities and direction of relevant activities

. . . .

B11 For many investees, a range of operating and financing activities significantly affect their returns. Examples of activities that, depending on the circumstances, can be relevant activities include, but are not limited to:

. . . .

B12 Examples of decisions about relevant activities include but are not limited to:

. . . .

B13 . . . .

Application examples

. . . .

Example 1

. . . .

Example 2

. . . .

Rights that give an investor power over an investee

. . . .

B14 . . . .

B15 Examples of rights that, either individually or in combination, can give an investor power include but are not limited to:

. . . .

B16 . . . .

B17 . . . .

B18 In some circumstances it may be difficult to determine whether an investor's rights are sufficient to give it power over an investee. In such cases, to enable the assessment of power to be made, the investor shall consider evidence of whether it has the practical ability to direct the relevant activities unilaterally. Consideration is given, but is not limited, to the following, which, when considered together with its rights and the indicators in paragraphs B19 and B20, may provide evidence that the investor's rights are sufficient to give it power over the investee:

. . . .

B19 Sometimes there will be indications that the investor has a special relationship with the investee, which suggests that the investor has more than a passive interest in the investee. The existence of any individual indicator, or a particular combination of indicators, does not necessarily mean that the power criterion is met. However, having more than a passive interest in the investee may indicate that the investor has other related rights sufficient to give it power or provide evidence of existing power over an investee. For example, the following suggests that the investor has more than a passive interest in the investee and, in combination with other rights, may indicate power:

. . . .

B20 . . . .

B21 . . . .

Substantive rights

. . . .

B22 . . . .

B23 Determining whether rights are substantive requires judgement, taking into account all facts and circumstances. Factors to consider in making that determination include but are not limited to:

. . . .

B24 . . . .

Application examples

. . . .

Example 3

. . . .

Example 3A

. . . .

Example 3B

. . . .

Example 3C

. . . .

Example 3D

. . . .

B25 . . . .

Protective rights

. . . .

B26 . . . .

B27 . . . .

B28 Examples of protective rights include but are not limited to:

. . . .

Franchises

. . . .

B29 . . . .

B30 . . . .

B31 . . . .

B32 . . . .

B33 . . . .

Voting rights

. . . .

B34 . . . .

Power with a majority of the voting rights

. . . .

B35 An investor that holds more than half of the voting rights of an investee has power in the following situations, unless paragraph B36 or paragraph B37 applies:

. . . .

Majority of the voting rights but no power

. . . .

B36 . . . .

B37 . . . .

Power without a majority of the voting rights

. . . .

B38 An investor can have power even if it holds less than a majority of the voting rights of an investee. An investor can have power with less than a majority of the voting rights of an investee, for example, through:

. . . .

Contractual arrangement with other vote holders

. . . .

B39 . . . .

Rights from other contractual arrangements

. . . .

B40 . . . .

The investor's voting rights

. . . .

B41 . . . .

B42 When assessing whether an investor's voting rights are sufficient to give it power, an investor considers all facts and circumstances, including:

. . . .

B43 . . . .

Application examples

. . . .

Example 4

. . . .

Example 5

. . . .

B44 . . . .

Application example

. . . .

Example 6

. . . .

B45 . . . .

Application examples

. . . .

Example 7

. . . .

Example 8

. . . .

B46 . . . .

Potential voting rights

. . . .

B47 . . . .

B48 . . . .

B49 . . . .

B50 . . . .

Application examples

. . . .

Example 9

. . . .

Example 10

. . . .

Power when voting or similar rights do not have a significant effect on the investee's returns

. . . .

B51 . . . .

B52 . . . .

B53 . . . .

Application examples

. . . .

Example 11

. . . .

Example 12

. . . .

B54 . . . .

Exposure, or rights, to variable returns from an investee

. . . .

B55 . . . .

B56 . . . .

B57 Examples of returns include:

. . . .

Link between power and returns

. . . .

Delegated power

. . . .

B58 . . . .

B59 . . . .

B60 A decision maker shall consider the overall relationship between itself, the investee being managed and other parties involved with the investee, in particular all the factors below, in determining whether it is an agent:

. . . .

B61 . . . .

The scope of the decision-making authority

. . . .

B62 The scope of a decision maker's decision-making authority is evaluated by considering:

. . . .

B63 . . . .

Rights held by other parties

. . . .

B64 . . . .

B65 . . . .

B66 . . . .

B67 . . . .

Remuneration

. . . .

B68 . . . .

B69 In determining whether it is a principal or an agent the decision maker shall also consider whether the following conditions exist:

. . . .

B70 . . . .

Exposure to variability of returns from other interests

. . . .

B71 . . . .

B72 In evaluating its exposure to variability of returns from other interests in the investee a decision maker shall consider the following:

. . . .

Application examples

. . . .

Example 13

. . . .

Example 14

. . . .

Example 14A

. . . .

Example 14B

. . . .

Example 14C

. . . .

Example 15

. . . .

Example 16

. . . .

Relationship with other parties

. . . .

B73 . . . .

B74 . . . .

B75 The following are examples of such other parties that, by the nature of their relationship, might act as de facto agents for the investor:

. . . .

Control of specified assets

. . . .

B76 . . . .

B77 An investor shall treat a portion of an investee as a deemed separate entity if and only if the following condition is satisfied:

. . . .

B78 . . . .

B79 . . . .

Continuous assessment

. . . .

B80 . . . .

B81 . . . .

B82 . . . .

B83 . . . .

B84 . . . .

B85 . . . .

DETERMINING WHETHER AN ENTITY IS AN INVESTMENT ENTITY

. . . .

B85A . . . .

Business purpose

. . . .

B85B . . . .

B85C . . . .

B85D An investment entity may also participate in the following investment-related activities, either directly or through a subsidiary, if these activities are undertaken to maximise the investment return (capital appreciation or investment income) from its investees and do not represent a separate substantial business activity or a separate substantial source of income to the investment entity:

. . . .

B85E . . . .
Exit strategies

. . . .

B85F . . . .

B85G . . . .

B85H . . . .
Earnings from investments

. . . .

B85I An entity is not investing solely for capital appreciation, investment income, or both, if the entity or another member of the group containing the entity (ie the group that is controlled by the investment entity's ultimate parent) obtains, or has the objective of obtaining, other benefits from the entity's investments that are not available to other parties that are not related to the investee. Such benefits include:

. . . .

B85J . . . .
Fair value measurement

. . . .

B85K An essential element of the definition of an investment entity is that it measures and evaluates the performance of substantially all of its investments on a fair value basis, because using fair value results in more relevant information than, for example, consolidating its subsidiaries or using the equity method for its interests in associates or joint ventures. In order to demonstrate that it meets this element of the definition, an investment entity:

. . . .

B85L In order to meet the requirement in B85K(a), an investment entity would:

. . . .

B85M . . . .
Typical characteristics of an investment entity

. . . .

B85N . . . .

More than one investment

. . . .

B85O . . . .

B85P There may be times when the entity holds a single investment. However, holding a single investment does not necessarily prevent an entity from meeting the definition of an investment entity. For example, an investment entity may hold only a single investment when the entity:

. . . .

More than one investor

. . . .

B85Q . . . .

B85R . . . .

B85S There may also be times when the entity temporarily has a single investor. For example, an investment entity may have only a single investor when the entity:

. . . .

Unrelated investors

. . . .

B85T . . . .

B85U . . . .

Ownership interests

. . . .

B85V . . . .

B85W . . . .

ACCOUNTING REQUIREMENTS

. . . .

Consolidation procedures

. . . .

B86 Consolidated financial statements:

. . . .

Uniform accounting policies

. . . .

B87 . . . .

Measurement

. . . .

B88 . . . .

Potential voting rights

. . . .

B89 . . . .

B90 . . . .

B91 . . . .

Reporting date

. . . .

B92 . . . .

B93 . . . .

Non-controlling interests

. . . .

B94 . . . .

B95 . . . .

Changes in the proportion held by non-controlling interests

. . . .

B96 . . . .

Loss of control

. . . .

B97 A parent might lose control of a subsidiary in two or more arrangements (transactions). However, sometimes circumstances indicate that the multiple arrangements should be accounted for as a single transaction. In determining whether to account for the arrangements as a single transaction, a parent shall consider all the terms and conditions of the arrangements and their economic effects. One or more of the following indicate that the parent should account for the multiple arrangements as a single transaction:

. . . .

B98 If a parent loses control of a subsidiary, it shall:

. . . .

B99 . . . .

ACCOUNTING FOR A CHANGE IN INVESTMENT ENTITY STATUS

. . . .

B100 . . . .

B101 . . . .

Appendix C

Effective date and transition

. . . .

EFFECTIVE DATE

. . . .

C1 . . . .

C1A . . . .

C1B . . . .

C1D . . . .

TRANSITION

. . . .

C2 . . . .

C2A . . . .

C2B . . . .

C3 At the date of initial application, an entity is not required to make adjustments to the previous accounting for its involvement with either:

. . . .

C3A . . . .

C3B Except for any subsidiary that is consolidated in accordance with paragraph 32 (to which paragraphs C3 and C6 or paragraphs C4–C4C, whichever is relevant, apply), an investment entity shall measure its investment in each subsidiary at fair value through profit or loss as if the requirements of this IFRS had always been effective. The investment entity shall retrospectively adjust both the annual period that immediately precedes the date of initial application and equity at the beginning of the immediately preceding period for any difference between:

. . . .

C3C . . . .

C3D . . . .

C3E . . . .

C3F . . . .

C4 If, at the date of initial application, an investor concludes that it shall consolidate an investee that was not consolidated in accordance with IAS 27 and SIC-12, the investor shall:

. . . .

C4A If measuring an investee's assets, liabilities and non-controlling interests in accordance with paragraph C4(a) or (b) is impracticable (as defined in IAS 8), an investor shall:

. . . .

C4B . . . .

C4C When an investor applies paragraphs C4–C4A and the date that control was obtained in accordance with this IFRS is later than the effective date of IAS 27 as revised in 2008 (IAS 27 (2008)), an investor shall apply the requirements of this IFRS for all periods that the investee is retrospectively consolidated in accordance with paragraphs C4–C4A. If control was obtained before the effective date of IAS 27 (2008), an investor shall apply either:

. . . .

C5 If, at the date of initial application, an investor concludes that it will no longer consolidate an investee that was consolidated in accordance with IAS 27 and SIC-12, the investor shall measure its interest in the investee at the amount at which it would have been measured if the requirements of this IFRS had been effective when the investor became involved with (but did not obtain control in accordance with this IFRS), or lost control of, the investee. The investor shall adjust retrospectively the annual period immediately preceding the date of initial application. When the date that the investor became involved with (but did not obtain control in accordance with this IFRS), or lost control of, the investee is earlier than the beginning of the immediately preceding period, the investor shall recognise, as an adjustment to equity at the beginning of the immediately preceding period, any difference between:

. . . .

C5A If measuring the interest in the investee in accordance with paragraph C5 is impracticable (as defined in IAS 8), an investor shall apply the requirements of this IFRS at the beginning of the earliest period for which application of paragraph C5 is practicable, which may be the current period. The investor shall adjust retrospectively the annual period immediately preceding the date of initial application, unless the beginning of the earliest period for which application of this paragraph is practicable is the current period. When the date that the investor became involved with (but did not obtain control in accordance with this IFRS), or lost control of, the investee is earlier than the beginning of the immediately preceding period, the investor shall recognise, as an adjustment to equity at the beginning of the immediately preceding period, any difference between:

. . . .

C6 Paragraphs 23, 25, B94 and B96–B99 were amendments to IAS 27 made in 2008 that were carried forward into IFRS 10. Except when an entity applies paragraph C3, or is required to apply paragraphs C4–C5A, the entity shall apply the requirements in those paragraphs as follows:

. . . .

References to the ‘ immediately preceding period ’

. . . .

C6A . . . .

C6B . . . .

References to IFRS 9

. . . .

C7 . . . .

WITHDRAWAL OF OTHER IFRSs

. . . .

C8 . . . .

C9 . . . .

INTERNATIONAL FINANCIAL REPORTING STANDARD 11

Joint Arrangements

OBJECTIVE

. . . .

1 . . . .

Meeting the objective

. . . .

2 . . . .

SCOPE

. . . .

3 . . . .

JOINT ARRANGEMENTS

. . . .

4 . . . .

5 **A joint arrangement has the following characteristics:**

. . . .

6 . . . .

Joint control

. . . .

7 . . . .

8 . . . .

9 . . . .

10 . . . .

11 . . . .

12 . . . .

13 . . . .

Types of joint arrangement

. . . .

14 . . . .

15 . . . .

16 . . . .

17 . . . .

18 . . . .

19 . . . .

FINANCIAL STATEMENTS OF PARTIES TO A JOINT ARRANGEMENT

. . . .

Joint operations

. . . .

20 **A joint operator shall recognise in relation to its interest in a joint operation:**

. . . .

21 . . . .

21A . . . .

22 . . . .

23 . . . .

Joint ventures

. . . .

24 . . . .

25 . . . .

SEPARATE FINANCIAL STATEMENTS

. . . .

26 **In its separate financial statements, a joint operator or joint venturer shall account for its interest in:**

. . . .

27 **In its separate financial statements, a party that participates in, but does not have joint control of, a joint arrangement shall account for its interest in:**

. . . .

Appendix A

Defined terms

. . . .

Appendix B

Application guidance

. . . .

B1 . . . .

JOINT ARRANGEMENTS

. . . .

Contractual arrangement (paragraph 5)

. . . .

B2 . . . .

B3 . . . .

B4 The contractual arrangement sets out the terms upon which the parties participate in the activity that is the subject of the arrangement. The contractual arrangement generally deals with such matters as:

. . . .

Joint control (paragraphs 7–13)

. . . .

B5 . . . .

B6 . . . .

B7 . . . .

B8 . . . .

Application examples

. . . .

Example 1

. . . .

Example 2

. . . .

Example 3

. . . .

B9 . . . .

B10 . . . .

Assessing joint control

. . . .

B11 . . . .

TYPES OF JOINT ARRANGEMENT (PARAGRAPHS 14–19)

. . . .

B12 . . . .

B13 . . . .

B14 . . . .

Classification of a joint arrangement

. . . .

B15 As stated in paragraph B14, the classification of joint arrangements requires the parties to assess their rights and obligations arising from the arrangement. When making that assessment, an entity shall consider the following:

. . . .

Structure of the joint arrangement

. . . .

Joint arrangements not structured through a separate vehicle

. . . .

B16 . . . .

B17 . . . .

B18 . . . .

Joint arrangements structured through a separate vehicle

. . . .

B19 . . . .

B20 . . . .

B21 As stated in paragraph B15, when the parties have structured a joint arrangement in a separate vehicle, the parties need to assess whether the legal form of the separate vehicle, the terms of the contractual arrangement and, when relevant, any other facts and circumstances give them:

. . . .

Classification of a joint arrangement: assessment of the parties' rights and obligations arising form the arrangement

. . . .

The legal form of the separate vehicle

. . . .

B22 . . . .

B23 . . . .

B24 . . . .

Assessing the terms of the contractual arrangement

. . . .

B25 . . . .

B26 . . . .

Application example

. . . .

Example 4

. . . .

B27 The following table compares common terms in contractual arrangements of parties to a joint operation and common terms in contractual arrangements of parties to a joint venture. The examples of the contractual terms provided in the following table are not exhaustive.

. . . .

B28 . . . .

Assessing other facts and circumstances

. . . .

B29 . . . .

B30 . . . .

B31 . . . .

B32 . . . .

Application example

. . . .

Example 5

. . . .

B33 The following flow chart reflects the assessment an entity follows to classify an arrangement when the joint arrangement is structured through a separate vehicle:

. . . .

Classification of a joint arrangement structured through a separate vehicle

. . . .

FINANCIAL STATEMENTS OF PARTIES TO A JOINT ARRANGEMENT (PARAGRAPHS 21A–22)

. . . .

Accounting for acquisitions of interests in joint operations

. . . .

B33A When an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3, it shall apply, to the extent of its share in accordance with paragraph 20, all of the principles on business combinations accounting in IFRS 3, and other IFRSs, that do not conflict with the guidance in this IFRS and disclose the information required by those IFRSs in relation to business combinations. The principles on business combinations accounting that do not conflict with the guidance in this IFRS include but are not limited to:

. . . .

B33B . . . .

B33C . . . .

B33CA . . . .

B33D . . . .

Accounting for sales or contributions of assets to a joint operation

. . . .

B34 . . . .

B35 . . . .

Accounting for purchases of assets from a joint operation

. . . .

B36 . . . .

B37 . . . .

Appendix C

Effective date, transition and withdrawal of other IFRSs

. . . .

EFFECTIVE DATE

. . . .

C1 . . . .

C1A . . . .

C1AA . . . .

C1AB . . . .

TRANSITION

. . . .

C1B . . . .

Joint ventures—transition from proportionate consolidation to the equity method

. . . .

C2 . . . .

C3 . . . .

C4 . . . .

C5 . . . .

C6 . . . .

Joint operations—transition from the equity method to accounting for assets and liabilities

. . . .

C7 . . . .

C8 . . . .

C9 Any difference arising from the investment previously accounted for using the equity method together with any other items that formed part of the entity's net investment in the arrangement in accordance with paragraph 38 of IAS 28 (as amended in 2011), and the net amount of the assets and liabilities, including any goodwill, recognised shall be:

. . . .

C10 . . . .

C11 . . . .

Transition provisions in an entity's separate financial statements

. . . .

C12 An entity that, in accordance with paragraph 10 of IAS 27, was previously accounting in its separate financial statements for its interest in a joint operation as an investment at cost or in accordance with IFRS 9 shall:

. . . .

References to the ' immediately preceding period '

. . . .

C12A . . . .

C12B . . . .

C13 . . . .

References to IFRS 9

. . . .

C14 . . . .

Accounting for acquisitions of interests in joint operations

. . . .

C14A . . . .

WITHDRAWAL OF OTHER IFRSS

. . . .

C15 This IFRS supersedes the following IFRSs:

. . . .

INTERNATIONAL FINANCIAL REPORTING STANDARD 12

Disclosure of Interests in Other Entities

OBJECTIVE

. . . .

1 **The objective of this IFRS is to require an entity to disclose information that enables users of its financial statements to evaluate:**

. . . .

Meeting the objective

. . . .

2 To meet the objective in paragraph 1, an entity shall disclose:

. . . .

3 . . . .

4 . . . .

SCOPE

. . . .

5 This IFRS shall be applied by an entity that has an interest in any of the following:

. . . .

5A . . . .

6 This IFRS does not apply to:

. . . .

SIGNIFICANT JUDGEMENTS AND ASSUMPTIONS

. . . .

7 **An entity shall disclose information about significant judgements and assumptions it has made (and changes to those judgements and assumptions) in determining:**

. . . .

8 . . . .

9 To comply with paragraph 7, an entity shall disclose, for example, significant judgements and assumptions made in determining that:

. . . .

Investment entity status

. . . .

9A . . . .

9B When an entity becomes, or ceases to be, an investment entity, it shall disclose the change of investment entity status and the reasons for the change. In addition, an entity that becomes an investment entity shall disclose the effect of the change of status on the financial statements for the period presented, including:

. . . .

INTERESTS IN SUBSIDIARIES

. . . .

10 **An entity shall disclose information that enables users of its consolidated financial statements**

. . . .

11 When the financial statements of a subsidiary used in the preparation of consolidated financial statements are as of a date or for a period that is different from that of the consolidated financial statements (see paragraphs B92 and B93 of IFRS 10), an entity shall disclose:

. . . .

The interest that non-controlling interests have in the group’s activities and cash flows

. . . .

12 An entity shall disclose for each of its subsidiaries that have non-controlling interests that are material to the reporting entity:

. . . .

The nature and extent of significant restrictions

. . . .

13 An entity shall disclose:

. . . .

Nature of the risks associated with an entity’s interests in consolidated structured entities

. . . .

14 . . . .

15 If during the reporting period a parent or any of its subsidiaries has, without having a contractual obligation to do so, provided financial or other support to a consolidated structured entity (eg purchasing assets of or instruments issued by the structured entity), the entity shall disclose:

. . . .

16 . . . .

17 . . . .

Consequences of changes in a parent’s ownership interest in a subsidiary that do not result in a loss of control

. . . .

18 . . . .

Consequences of losing control of a subsidiary during the reporting period

. . . .

19 An entity shall disclose the gain or loss, if any, calculated in accordance with paragraph 25 of IFRS 10, and:

. . . .

INTERESTS IN UNCONSOLIDATED SUBSIDIARIES (INVESTMENT ENTITIES)

. . . .

19A . . . .

19B For each unconsolidated subsidiary, an investment entity shall disclose:

. . . .

19C . . . .

19D An investment entity shall disclose:

. . . .

19E If, during the reporting period, an investment entity or any of its subsidiaries has, without having a contractual obligation to do so, provided financial or other support to an unconsolidated subsidiary (eg purchasing assets of, or instruments issued by, the subsidiary or assisting the subsidiary in obtaining financial support), the entity shall disclose:

. . . .

19F . . . .

19G . . . .

INTERESTS IN JOINT ARRANGEMENTS AND ASSOCIATES

. . . .

20 **An entity shall disclose information that enables users of its financial statements to evaluate:**

. . . .

Nature, extent and financial effects of an entity's interests in joint arrangements and associates

. . . .

21 An entity shall disclose:

. . . .

21A . . . .

22 An entity shall also disclose:

. . . .

Risks associated with an entity's interests in joint ventures and associates

. . . .

23 An entity shall disclose:

. . . .

INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

. . . .

24 **An entity shall disclose information that enables users of its financial statements:**

. . . .

25 . . . .

25A . . . .

Nature of interests

. . . .

26 . . . .

27 If an entity has sponsored an unconsolidated structured entity for which it does not provide information required by paragraph 29 (eg because it does not have an interest in the entity at the reporting date), the entity shall disclose:

. . . .

28 . . . .

Nature of risks

. . . .

29 An entity shall disclose in tabular format, unless another format is more appropriate, a summary of:

. . . .

30 If during the reporting period an entity has, without having a contractual obligation to do so, provided financial or other support to an unconsolidated structured entity in which it previously had or currently has an interest (for example, purchasing assets of or instruments issued by the structured entity), the entity shall disclose:

. . . .

31 . . . .

Appendix A

Defined terms

. . . .

Appendix B

Application guidance

. . . .

B1 . . . .

AGGREGATION (PARAGRAPH 4)

. . . .

B2 . . . .

B3 . . . .

B4 An entity shall present information separately for interests in:

. . . .

B5 . . . .

B6 Examples of aggregation levels within the classes of entities set out in paragraph B4 that might be appropriate are:

. . . .

INTERESTS IN OTHER ENTITIES

. . . .

B7 . . . .

B8 . . . .

B9 . . . .

SUMMARISED FINANCIAL INFORMATION FOR SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (PARAGRAPHS 12 AND 21)

. . . .

B10 For each subsidiary that has non-controlling interests that are material to the reporting entity, an entity shall disclose:

. . . .

B11 . . . .

B12 For each joint venture and associate that is material to the reporting entity, an entity shall disclose:

. . . .

B13 In addition to the summarised financial information required by paragraph B12, an entity shall disclose for each joint venture that is material to the reporting entity the amount of:

. . . .

B14 The summarised financial information presented in accordance with paragraphs B12 and B13 shall be the amounts included in the IFRS financial statements of the joint venture or associate (and not the entity's share of those amounts). If the entity accounts for its interest in the joint venture or associate using the equity method:

. . . .

B15 An entity may present the summarised financial information required by paragraphs B12 and B13 on the basis of the joint venture's or associate's financial statements if:

. . . .

B16 An entity shall disclose, in aggregate, the carrying amount of its interests in all individually immaterial joint ventures or associates that are accounted for using the equity method. An entity shall also disclose separately the aggregate amount of its share of those joint ventures' or associates':

. . . .

B17 . . . .

COMMITMENTS FOR JOINT VENTURES (PARAGRAPH 23(a))

. . . .

B18 . . . .

B19 Unrecognised commitments that may give rise to a future outflow of cash or other resources include:

. . . .

B20 . . . .

INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES (PARAGRAPHS 24–31)

. . . .

Structured entities

. . . .

B21 . . . .

B22 A structured entity often has some or all of the following features or attributes:

. . . .

B23 Examples of entities that are regarded as structured entities include, but are not limited to:

. . . .

B24 . . . .

Nature of risks from interests in unconsolidated structured entities (paragraphs 29–31)

. . . .

B25 . . . .

B26 Examples of additional information that, depending on the circumstances, might be relevant to an assessment of the risks to which an entity is exposed when it has an interest in an unconsolidated structured entity are:

. . . .

Appendix C

Effective date and transition

. . . .

EFFECTIVE DATE AND TRANSITION

. . . .

C1 . . . .

C1A . . . .

C1B . . . .

C1C . . . .

C1D . . . .

C2 . . . .

C2A . . . .

C2B . . . .

REFERENCES TO IFRS 9

. . . .

C3 . . . .

INTERNATIONAL FINANCIAL REPORTING STANDARD 13

Fair Value Measurement

OBJECTIVE

. . . .

1 **This IFRS:**

. . . .

2 . . . .

3 . . . .

4 . . . .

SCOPE

. . . .

5 . . . .

6 The measurement and disclosure requirements of this IFRS do not apply to the following:

. . . .

7 The disclosures required by this IFRS are not required for the following:

. . . .

8 . . . .

MEASUREMENT

. . . .

Definition of fair value

. . . .

9 . . . .

10 . . . .

The asset or liability

. . . .

11 **A fair value measurement is for a particular asset or liability. Therefore, when measuring fair value an entity shall take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Such characteristics include, for example, the following:**

. . . .

12 . . . .

13 The asset or liability measured at fair value might be either of the following:

. . . .

14 . . . .

The transaction

. . . .

15 . . . .

16 **A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:**

. . . .

17 . . . .

18 . . . .

19 . . . .

20 . . . .

21 . . . .

Market participants

. . . .

22 . . . .

23 In developing those assumptions, an entity need not identify specific market participants. Rather, the entity shall identify characteristics that distinguish market participants generally, considering factors specific to all the following:

. . . .

The price

. . . .

24 . . . .

25 . . . .

26 . . . .

Application to non-financial assets

. . . .

Highest and best use for non-financial assets

. . . .

27 . . . .

28 The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible, as follows:

. . . .

29 . . . .

30 . . . .

Valuation premise for non-financial assets

. . . .

31 The highest and best use of a non-financial asset establishes the valuation premise used to measure the fair value of the asset, as follows:

. . . .

32 . . . .

33 . . . .

Application to liabilities and an entity's own equity instruments

. . . .

General principles

. . . .

34 **A fair value measurement assumes that a financial or non-financial liability or an entity's own equity instrument (eg equity interests issued as consideration in a business combination) is transferred to a market participant at the measurement date. The transfer of a liability or an entity's own equity instrument assumes the following:**

. . . .

35 . . . .

36 . . . .

Liabilities and equity instruments held by other parties as assets

. . . .

37 . . . .

38 In such cases, an entity shall measure the fair value of the liability or equity instrument as follows:

. . . .

39 An entity shall adjust the quoted price of a liability or an entity's own equity instrument held by another party as an asset only if there are factors specific to the asset that are not applicable to the fair value measurement of the liability or equity instrument. An entity shall ensure that the price of the asset does not reflect the effect of a restriction preventing the sale of that asset. Some factors that may indicate that the quoted price of the asset should be adjusted include the following:

. . . .

Liabilities and equity instruments not held by other parties as assets

. . . .

40 . . . .

41 For example, when applying a present value technique an entity might take into account either of the following:

. . . .

Non-performance risk

. . . .

42 . . . .

43 When measuring the fair value of a liability, an entity shall take into account the effect of its credit risk (credit standing) and any other factors that might influence the likelihood that the obligation will or will not be fulfilled. That effect may differ depending on the liability, for example:

. . . .

44 . . . .

Restriction preventing the transfer of a liability or an entity's own equity instrument

. . . .

45 . . . .

46 . . . .

Financial liability with a demand feature

. . . .

47 . . . .

Application to financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk

. . . .

48 . . . .

49 An entity is permitted to use the exception in paragraph 48 only if the entity does all the following:

. . . .

50 . . . .

51 . . . .

52 . . . .

Exposure to market risks

. . . .

53 . . . .

54 . . . .

55 . . . .

Exposure to the credit risk of a particular counterparty

. . . .

56 . . . .

Fair value at initial recognition

. . . .

57 . . . .

58 . . . .

59 . . . .

60 . . . .

Valuation techniques

. . . .

61 . . . .

62 . . . .

63 . . . .

64 . . . .

65 Valuation techniques used to measure fair value shall be applied consistently. However, a change in a valuation technique or its application (eg a change in its weighting when multiple valuation techniques are used or a change in an adjustment applied to a valuation technique) is appropriate if the change results in a measurement that is equally or more representative of fair value in the circumstances. That might be the case if, for example, any of the following events take place:

. . . .

66 . . . .

Inputs to valuation techniques

. . . .

General principles

. . . .

67 . . . .

68 . . . .

69 . . . .

Inputs based on bid and ask prices

. . . .

70 . . . .

71 . . . .

Fair value hierarchy

. . . .

72 . . . .

73 . . . .

74 . . . .

75 . . . .

Level 1 inputs

. . . .

76 . . . .

77 . . . .

78 A Level 1 input will be available for many financial assets and financial liabilities, some of which might be exchanged in multiple active markets (eg on different exchanges). Therefore, the emphasis within Level 1 is on determining both of the following:

. . . .

79 An entity shall not make an adjustment to a Level 1 input except in the following circumstances:

. . . .

80 . . . .

Level 2 inputs

. . . .

81 . . . .

82 If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following:

. . . .

83 Adjustments to Level 2 inputs will vary depending on factors specific to the asset or liability. Those factors include the following:

. . . .

84 . . . .

85 . . . .

Level 3 inputs

. . . .

86 . . . .

87 . . . .

88 . . . .

89 . . . .

90 . . . .

DISCLOSURE

. . . .

91 **An entity shall disclose information that helps users of its financial statements assess both of the following:**

. . . .

92 To meet the objectives in paragraph 91, an entity shall consider all the following:

. . . .

93 To meet the objectives in paragraph 91, an entity shall disclose, at a minimum, the following information for each class of assets and liabilities (see paragraph 94 for information on determining appropriate classes of assets and liabilities) measured at fair value (including measurements based on fair value within the scope of this IFRS) in the statement of financial position after initial recognition:

. . . .

94 An entity shall determine appropriate classes of assets and liabilities on the basis of the following:

. . . .

95 An entity shall disclose and consistently follow its policy for determining when transfers between levels of the fair value hierarchy are deemed to have occurred in accordance with paragraph 93(c) and (e)(iv). The policy about the timing of recognising transfers shall be the same for transfers into the levels as for transfers out of the levels. Examples of policies for determining the timing of transfers include the following:

. . . .

96 . . . .

97 . . . .

98 . . . .

99 . . . .

Appendix A

Defined terms

. . . .

Appendix B

Application guidance

. . . .

B1 . . . .

THE FAIR VALUE MEASUREMENT APPROACH

. . . .

B2 The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. A fair value measurement requires an entity to determine all the following:

. . . .

VALUATION PREMISE FOR NON-FINANCIAL ASSETS (PARAGRAPHS 31–33)

. . . .

B3 When measuring the fair value of a non-financial asset used in combination with other assets as a group (as installed or otherwise configured for use) or in combination with other assets and liabilities (eg a business), the effect of the valuation premise depends on the circumstances. For example:

. . . .

FAIR VALUE AT INITIAL RECOGNITION (PARAGRAPHS 57–60)

. . . .

B4 When determining whether fair value at initial recognition equals the transaction price, an entity shall take into account factors specific to the transaction and to the asset or liability. For example, the transaction price might not represent the fair value of an asset or a liability at initial recognition if any of the following conditions exist:

. . . .

VALUATION TECHNIQUES (PARAGRAPHS 61–66)

. . . .

Market approach

. . . .

B5 . . . .

B6 . . . .

B7 . . . .

Cost approach

. . . .

B8 . . . .

B9 . . . .

Income approach

. . . .

B10 . . . .

B11 Those valuation techniques include, for example, the following:

. . . .

Present value techniques

. . . .

B12 . . . .

The components of a present value measurement

. . . .

B13 Present value (ie an application of the income approach) is a tool used to link future amounts (eg cash flows or values) to a present amount using a discount rate. A fair value measurement of an asset or a liability using a present value technique captures all the following elements from the perspective of market participants at the measurement date:

. . . .

General principles

. . . .

B14 Present value techniques differ in how they capture the elements in paragraph B13. However, all the following general principles govern the application of any present value technique used to measure fair value:

. . . .

Risk and uncertainty

. . . .

B15 . . . .

B16 . . . .

B17 Present value techniques differ in how they adjust for risk and in the type of cash flows they use. For example:

. . . .

Discount rate adjustment technique

. . . .

B18 . . . .

B19 . . . .

B20 To illustrate a build-up approach, assume that Asset A is a contractual right to receive CU800 in one year (ie there is no timing uncertainty). There is an established market for comparable assets, and information about those assets, including price information, is available. Of those comparable assets:

. . . .

B21 . . . .

B22 . . . .

Expected present value technique

. . . .

B23 . . . .

B24 In making an investment decision, risk-averse market participants would take into account the risk that the actual cash flows may differ from the expected cash flows. Portfolio theory distinguishes between two types of risk:

. . . .

B25 . . . .

B26 . . . .

B27 To illustrate Methods 1 and 2, assume that an asset has expected cash flows of CU780 in one year determined on the basis of the possible cash flows and probabilities shown below. The applicable risk-free interest rate for cash flows with a one-year horizon is 5 per cent, and the systematic risk premium for an asset with the same risk profile is 3 per cent.

. . . .

B28 . . . .

B29 In theory, the present value (ie the fair value) of the asset's cash flows is the same whether determined using Method 1 or Method 2, as follows:

. . . .

B30 . . . .

APPLYING PRESENT VALUE TECHNIQUES TO LIABILITIES AND AN ENTITY'S OWN EQUITY INSTRUMENTS NOT HELD BY OTHER PARTIES AS ASSETS (PARAGRAPHS 40 AND 41)

. . . .

B31 When using a present value technique to measure the fair value of a liability that is not held by another party as an asset (eg a decommissioning liability), an entity shall, among other things, estimate the future cash outflows that market participants would expect to incur in fulfilling the obligation. Those future cash outflows shall include market participants' expectations about the costs of fulfilling the obligation and the compensation that a market participant would require for taking on the obligation. Such compensation includes the return that a market participant would require for the following:

. . . .

B32 . . . .

B33 An entity can include a risk premium in the fair value measurement of a liability or an entity's own equity instrument that is not held by another party as an asset in one of the following ways:

. . . .

INPUTS TO VALUATION TECHNIQUES (PARAGRAPHS 67–71)

. . . .

B34 Examples of markets in which inputs might be observable for some assets and liabilities (eg financial instruments) include the following:

. . . .

FAIR VALUE HIERARCHY (PARAGRAPHS 72–90)

. . . .

Level 2 inputs (paragraphs 81–85)

. . . .

B35 Examples of Level 2 inputs for particular assets and liabilities include the following:

. . . .

Level 3 inputs (paragraphs 86–90)

. . . .

B36 Examples of Level 3 inputs for particular assets and liabilities include the following:

. . . .

MEASURING FAIR VALUE WHEN THE VOLUME OR LEVEL OF ACTIVITY FOR AN ASSET OR A LIABILITY HAS SIGNIFICANTLY DECREASED

. . . .

B37 The fair value of an asset or a liability might be affected when there has been a significant decrease in the volume or level of activity for that asset or liability in relation to normal market activity for the asset or liability (or similar assets or liabilities). To determine whether, on the basis of the evidence available, there has been a significant decrease in the volume or level of activity for the asset or liability, an entity shall evaluate the significance and relevance of factors such as the following:

. . . .

B38 . . . .

B39 . . . .

B40 . . . .

B41 . . . .

B42 . . . .

Identifying transactions that are not orderly

. . . .

B43 The determination of whether a transaction is orderly (or is not orderly) is more difficult if there has been a significant decrease in the volume or level of activity for the asset or liability in relation to normal market activity for the asset or liability (or similar assets or liabilities). In such circumstances it is not appropriate to conclude that all transactions in that market are not orderly (ie forced liquidations or distress sales). Circumstances that may indicate that a transaction is not orderly include the following:

. . . .

B44 An entity shall consider all the following when measuring fair value or estimating market risk premiums:

. . . .

Using quoted prices provided by third parties

. . . .

B45 . . . .

B46 . . . .

B47 . . . .

Appendix C

Effective date and transition

. . . .

C1 . . . .

C2 . . . .

C3 . . . .

C4 . . . .

C5 . . . .

C6 . . . .

INTERNATIONAL FINANCIAL REPORTING STANDARD 15

Revenue from Contracts with Customers

OBJECTIVE

. . . .

1. . . . .

Meeting the objective

. . . .

2. . . . .

3. . . . .

4. . . . .

SCOPE

. . . .

5. An entity shall apply this Standard to all contracts with customers, except the following:

. . . .

6. . . . .

7. A contract with a customer may be partially within the scope of this Standard and partially within the scope of other Standards listed in paragraph 5.

. . . .

8. . . . .

RECOGNITION

. . . .

Identifying the contract

. . . .

9. **An entity shall account for a contract with a customer that is within the scope of this Standard only when all of the following criteria are met:**

. . . .

10. . . . .

11. . . . .

12. For the purpose of applying this Standard, a contract does not exist if each party to the contract has the unilateral enforceable right to terminate a wholly unperformed contract without compensating the other party (or parties). A contract is wholly unperformed if both of the following criteria are met:

. . . .

13. . . . .

14. . . . .

15. When a contract with a customer does not meet the criteria in paragraph 9 and an entity receives consideration from the customer, the entity shall recognise the consideration received as revenue only when either of the following events has occurred:

. . . .

16. . . . .

Combination of contracts

. . . .

17. An entity shall combine two or more contracts entered into at or near the same time with the same customer (or related parties of the customer) and account for the contracts as a single contract if one or more of the following criteria are met:

. . . .

Contract modifications

. . . .

18. . . . .

19. . . . .

20. An entity shall account for a contract modification as a separate contract if both of the following conditions are present:

. . . .

21. If a contract modification is not accounted for as a separate contract in accordance with paragraph 20, an entity shall account for the promised goods or services not yet transferred at the date of the contract modification (ie the remaining promised goods or services) in whichever of the following ways is applicable:

. . . .

Identifying performance obligations

. . . .

22. **At contract inception, an entity shall assess the goods or services promised in a contract with a customer and shall identify as a performance obligation each promise to transfer to the customer either:**

. . . .

23. A series of distinct goods or services has the same pattern of transfer to the customer if both of the following criteria are met:

. . . .

Promises in contracts with customers

. . . .

24. . . . .

25. . . . .

Distinct goods or services

. . . .

26. Depending on the contract, promised goods or services may include, but are not limited to, the following:

. . . .

27. A good or service that is promised to a customer is distinct if both of the following criteria are met:

. . . .

28. . . . .

29. In assessing whether an entity's promises to transfer goods or services to the customer are separately identifiable in accordance with paragraph 27(b), the objective is to determine whether the nature of the promise, within the context of the contract, is to transfer each of those goods or services individually or, instead, to transfer a combined item or items to which the promised goods or services are inputs. Factors that indicate that two or more promises to transfer goods or services to a customer are not separately identifiable include, but are not limited to, the following:

. . . .

30. . . . .

Satisfaction of performance obligations

. . . .

31. . . . .

32. . . . .

33. Goods and services are assets, even if only momentarily, when they are received and used (as in the case of many services). Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset. The benefits of an asset are the potential cash flows (inflows or savings in outflows) that can be obtained directly or indirectly in many ways, such as by:

. . . .

34. . . . .

Performance obligations satisfied over time

. . . .

35. An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

. . . .

36. . . . .

37. . . . .

Performance obligations satisfied at a point in time

. . . .

38. If a performance obligation is not satisfied over time in accordance with paragraphs 35–37, an entity satisfies the performance obligation at a point in time. To determine the point in time at which a customer obtains control of a promised asset and the entity satisfies a performance obligation, the entity shall consider the requirements for control in paragraphs 31–34. In addition, an entity shall consider indicators of the transfer of control, which include, but are not limited to, the following:

. . . .

Measuring progress towards complete satisfaction of a performance obligation

. . . .

39. . . . .

40. . . . .

Methods for measuring progress

. . . .

41. . . . .

42. . . . .

43. . . . .

Reasonable measures of progress

. . . .

44. . . . .

45. . . . .

MEASUREMENT

. . . .

46. . . . .

Determining the transaction price

. . . .

47. . . . .

48. The nature, timing and amount of consideration promised by a customer affect the estimate of the transaction price. When determining the transaction price, an entity shall consider the effects of all of the following:

. . . .

49. . . . .

Variable consideration

. . . .

50. . . . .

51. . . . .

52. The variability relating to the consideration promised by a customer may be explicitly stated in the contract. In addition to the terms of the contract, the promised consideration is variable if either of the following circumstances exists:

. . . .

53. An entity shall estimate an amount of variable consideration by using either of the following methods, depending on which method the entity expects to better predict the amount of consideration to which it will be entitled:

. . . .

54. . . . .

Refund liabilities

. . . .

55. . . . .

Constraining estimates of variable consideration

. . . .

56. . . . .

57. In assessing whether it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur once the uncertainty related to the variable consideration is subsequently resolved, an entity shall consider both the likelihood and the magnitude of the revenue reversal. Factors that could increase the likelihood or the magnitude of a revenue reversal include, but are not limited to, any of the following:

. . . .

58. . . . .

Reassessment of variable consideration

. . . .

59. . . . .

The existence of a significant financing component in the contract

. . . .

60. . . . .

61. The objective when adjusting the promised amount of consideration for a significant financing component is for an entity to recognise revenue at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer (ie the cash selling price). An entity shall consider all relevant facts and circumstances in assessing whether a contract contains a financing component and whether that financing component is significant to the contract, including both of the following:

. . . .

62. Notwithstanding the assessment in paragraph 61, a contract with a customer would not have a significant financing component if any of the following factors exist:

. . . .

63. . . . .

64. . . . .

65. . . . .

Non-cash consideration

. . . .

66. . . . .

67. . . . .

68. . . . .

69. . . . .

Consideration payable to a customer

. . . .

70. . . . .

71. . . . .

72. Accordingly, if consideration payable to a customer is accounted for as a reduction of the transaction price, an entity shall recognise the reduction of revenue when (or as) the later of either of the following events occurs:

. . . .

Allocating the transaction price to performance obligations

. . . .

73. . . . .

74. . . . .

75. . . . .

Allocation based on stand-alone selling prices

. . . .

76. . . . .

77. . . . .

78. . . . .

79. Suitable methods for estimating the stand-alone selling price of a good or service include, but are not limited to, the following:

. . . .

80. . . . .

Allocation of a discount

. . . .

81. . . . .

82. An entity shall allocate a discount entirely to one or more, but not all, performance obligations in the contract if all of the following criteria are met:

. . . .

83. . . . .

Allocation of variable consideration

. . . .

84. Variable consideration that is promised in a contract may be attributable to the entire contract or to a specific part of the contract, such as either of the following:

. . . .

85. An entity shall allocate a variable amount (and subsequent changes to that amount) entirely to a performance obligation or to a distinct good or service that forms part of a single performance obligation in accordance with paragraph 22(b) if both of the following criteria are met:

. . . .

86. . . . .

Changes in the transaction price

. . . .

87. . . . .

88. . . . .

89. . . . .

90. An entity shall account for a change in the transaction price that arises as a result of a contract modification in accordance with paragraphs 18–21. However, for a change in the transaction price that occurs after a contract modification, an entity shall apply paragraphs 87–89 to allocate the change in the transaction price in whichever of the following ways is applicable:

. . . .

CONTRACT COSTS

. . . .

Incremental costs of obtaining a contract

. . . .

91. . . . .

92. . . . .

93. . . . .

94. . . . .

Costs to fulfil a contract

. . . .

95. **If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 *Inventories* , IAS 16 *Property, Plant and Equipment* or IAS 38 *Intangible Assets*), an entity shall recognise an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:**

. . . .

96. . . . .

97. Costs that relate directly to a contract (or a specific anticipated contract) include any of the following:

. . . .

98. An entity shall recognise the following costs as expenses when incurred:

. . . .

Amortisation and impairment

. . . .

99. . . . .

100. . . . .

101. An entity shall recognise an impairment loss in profit or loss to the extent that the carrying amount of an asset recognised in accordance with paragraph 91 or 95 exceeds:

. . . .

102. . . . .

103. . . . .

104. . . . .

PRESENTATION

. . . .

105. . . . .

106. . . . .

107. . . . .

108. . . . .

109. . . . .

DISCLOSURE

. . . .

110. **The objective of the disclosure requirements is for an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. To achieve that objective, an entity shall disclose qualitative and quantitative information about all of the following:**

. . . .

111. . . . .

112. . . . .

Contracts with customers

. . . .

113. An entity shall disclose all of the following amounts for the reporting period unless those amounts are presented separately in the statement of comprehensive income in accordance with other Standards:

. . . .

Disaggregation of revenue

. . . .

114. . . . .

115. . . . .

Contract balances

. . . .

116. An entity shall disclose all of the following:

. . . .

117. . . . .

118. An entity shall provide an explanation of the significant changes in the contract asset and the contract liability balances during the reporting period. The explanation shall include qualitative and quantitative information. Examples of changes in the entity's balances of contract assets and contract liabilities include any of the following:

. . . .

Performance obligations

. . . .

119. An entity shall disclose information about its performance obligations in contracts with customers, including a description of all of the following:

. . . .

Transaction price allocated to the remaining performance obligations

. . . .

120. An entity shall disclose the following information about its remaining performance obligations:

. . . .

121. As a practical expedient, an entity need not disclose the information in paragraph 120 for a performance obligation if either of the following conditions is met:

. . . .

122. . . . .

Significant judgements in the application of this Standard

. . . .

123. An entity shall disclose the judgements, and changes in the judgements, made in applying this Standard that significantly affect the determination of the amount and timing of revenue from contracts with customers. In particular, an entity shall explain the judgements, and changes in the judgements, used in determining both of the following:

. . . .

Determining the timing of satisfaction of performance obligations

. . . .

124. For performance obligations that an entity satisfies over time, an entity shall disclose both of the following:

. . . .

125. . . . .

Determining the transaction price and the amounts allocated to performance obligations

. . . .

126. An entity shall disclose information about the methods, inputs and assumptions used for all of the following:

. . . .

Assets recognised from the costs to obtain or fulfil a contract with a customer

. . . .

127. An entity shall describe both of the following:

. . . .

128. An entity shall disclose all of the following:

. . . .

Practical expedients

. . . .

129. . . . .

Appendix A

Defined terms

. . . .

Appendix B

Application Guidance

. . . .

B1 This application guidance is organised into the following categories:

. . . .

Performance obligations satisfied over time

. . . .

B2 In accordance with paragraph 35, a performance obligation is satisfied over time if one of the following criteria is met:

. . . .

Simultaneous receipt and consumption of the benefits of the entity's performance (paragraph 35(a))

. . . .

B3 . . . .

B4 For other types of performance obligations, an entity may not be able to readily identify whether a customer simultaneously receives and consumes the benefits from the entity's performance as the entity performs. In those circumstances, a performance obligation is satisfied over time if an entity determines that another entity would not need to substantially re-perform the work that the entity has completed to date if that other entity were to fulfil the remaining performance obligation to the customer. In determining whether another entity would not need to substantially re-perform the work the entity has completed to date, an entity shall make both of the following assumptions:

. . . .

Customer controls the asset as it is created or enhanced (paragraph 35(b))

. . . .

B5 . . . .

Entity's performance does not create an asset with an alternative use (paragraph 35(c))

. . . .

B6 . . . .

B7 . . . .

B8 . . . .

Right to payment for performance completed to date (paragraph 35(c))

. . . .

B9 In accordance with paragraph 37, an entity has a right to payment for performance completed to date if the entity would be entitled to an amount that at least compensates the entity for its performance completed to date in the event that the customer or another party terminates the contract for reasons other than the entity's failure to perform as promised. An amount that would compensate an entity for performance completed to date would be an amount that approximates the selling price of the goods or services transferred to date (for example, recovery of the costs incurred by an entity in satisfying the performance obligation plus a reasonable profit margin) rather than compensation for only the entity's potential loss of profit if the contract were to be terminated. Compensation for a reasonable profit margin need not equal the profit margin expected if the contract was fulfilled as promised, but an entity should be entitled to compensation for either of the following amounts:

. . . .

B10 . . . .

B11 . . . .

B12 In assessing the existence and enforceability of a right to payment for performance completed to date, an entity shall consider the contractual terms as well as any legislation or legal precedent that could supplement or override those contractual terms. This would include an assessment of whether:

. . . .

B13 . . . .

Methods for measuring progress towards complete satisfaction of a performance obligation

. . . .

B14 Methods that can be used to measure an entity's progress towards complete satisfaction of a performance obligation satisfied over time in accordance with paragraphs 35–37 include the following:

. . . .

Output methods

. . . .

B15 . . . .

B16 . . . .

B17 . . . .

Input methods

. . . .

B18 . . . .

B19 A shortcoming of input methods is that there may not be a direct relationship between an entity's inputs and the transfer of control of goods or services to a customer. Therefore, an entity shall exclude from an input method the effects of any inputs that, in accordance with the objective of measuring progress in paragraph 39, do not depict the entity's performance in transferring control of goods or services to the customer. For instance, when using a cost-based input method, an adjustment to the measure of progress may be required in the following circumstances:

. . . .

Sale with a right of return

. . . .

B20 In some contracts, an entity transfers control of a product to a customer and also grants the customer the right to return the product for various reasons (such as dissatisfaction with the product) and receive any combination of the following:

. . . .

B21 To account for the transfer of products with a right of return (and for some services that are provided subject to a refund), an entity shall recognise all of the following:

. . . .

B22 . . . .

B23 . . . .

B24 . . . .

B25 . . . .

B26 . . . .

B27 . . . .

Warranties

. . . .

B28 . . . .

B29 . . . .

B30 . . . .

B31 In assessing whether a warranty provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications, an entity shall consider factors such as:

. . . .

B32 . . . .

B33 . . . .

Principal versus agent considerations

. . . .

B34 . . . .

B34A To determine the nature of its promise (as described in paragraph B34), the entity shall:

. . . .

B35 . . . .

B35A When another party is involved in providing goods or services to a customer, an entity that is a principal obtains control of any one of the following:

. . . .

B35B . . . .

B36 . . . .

B37 Indicators that an entity controls the specified good or service before it is transferred to the customer (and is therefore a principal (see paragraph B35)) include, but are not limited to, the following:

. . . .

B37A . . . .

B38 . . . .

Customer options for additional goods or services

. . . .

B39 . . . .

B40 . . . .

B41 . . . .

B42 Paragraph 74 requires an entity to allocate the transaction price to performance obligations on a relative stand-alone selling price basis. If the stand-alone selling price for a customer's option to acquire additional goods or services is not directly observable, an entity shall estimate it. That estimate shall reflect the discount that the customer would obtain when exercising the option, adjusted for both of the following:

. . . .

B43 . . . .

Customers' unexercised rights

. . . .

B44 . . . .

B45 . . . .

B46 . . . .

B47 . . . .

Non-refundable upfront fees (and some related costs)

. . . .

B48 . . . .

B49 . . . .

B50 . . . .

B51 . . . .

Licensing

. . . .

B52 A licence establishes a customer's rights to the intellectual property of an entity. Licences of intellectual property may include, but are not limited to, licences of any of the following:

. . . .

B53 . . . .

B54 If the promise to grant a licence is not distinct from other promised goods or services in the contract in accordance with paragraphs 26–30, an entity shall account for the promise to grant a licence and those other promised goods or services together as a single performance obligation. Examples of licences that are not distinct from other goods or services promised in the contract include the following:

. . . .

B55 . . . .

B56 If the promise to grant the licence is distinct from the other promised goods or services in the contract and, therefore, the promise to grant the licence is a separate performance obligation, an entity shall determine whether the licence transfers to a customer either at a point in time or over time. In making this determination, an entity shall consider whether the nature of the entity's promise in granting the licence to a customer is to provide the customer with either:

. . . .

Determining the nature of the entity's promise

. . . .

B57 . . . .

B58 The nature of an entity's promise in granting a licence is a promise to provide a right to access the entity's intellectual property if all of the following criteria are met:

. . . .

B59 . . . .

B59A An entity's activities significantly affect the intellectual property to which the customer has rights when either:

. . . .

B60 . . . .

B61 . . . .

B62 An entity shall disregard the following factors when determining whether a licence provides a right to access the entity's intellectual property or a right to use the entity's intellectual property:

. . . .

Sales-based or usage-based royalties

. . . .

B63 Notwithstanding the requirements in paragraphs 56–59, an entity shall recognise revenue for a sales-based or usage-based royalty promised in exchange for a licence of intellectual property only when (or as) the later of the following events occurs:

. . . .

B63A . . . .

B63B . . . .

Repurchase agreements

. . . .

B64 . . . .

B65 Repurchase agreements generally come in three forms:

. . . .

A forward or a call option

. . . .

B66 If an entity has an obligation or a right to repurchase the asset (a forward or a call option), a customer does not obtain control of the asset because the customer is limited in its ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset even though the customer may have physical possession of the asset. Consequently, the entity shall account for the contract as either of the following:

. . . .

B67 . . . .

B68 . . . .

B69 . . . .

A put option

. . . .

B70 . . . .

B71 . . . .

B72 . . . .

B73 . . . .

B74 . . . .

B75 . . . .

B76 . . . .

Consignment arrangements

. . . .

B77 . . . .

B78 Indicators that an arrangement is a consignment arrangement include, but are not limited to, the following:

. . . .

Bill-and-hold arrangements

. . . .

B79 . . . .

B80 . . . .

B81 In addition to applying the requirements in paragraph 38, for a customer to have obtained control of a product in a bill-and-hold arrangement, all of the following criteria must be met:

. . . .

B82 . . . .

Customer acceptance

. . . .

B83 . . . .

B84 . . . .

B85 . . . .

B86 . . . .

Disclosure of disaggregated revenue

. . . .

B87 . . . .

B88 When selecting the type of category (or categories) to use to disaggregate revenue, an entity shall consider how information about the entity's revenue has been presented for other purposes, including all of the following:

. . . .

B89 Examples of categories that might be appropriate include, but are not limited to, all of the following:

. . . .

Appendix C

Effective date and transition

. . . .

EFFECTIVE DATE

. . . .

C1 . . . .

C1A . . . .

C1B . . . .

TRANSITION

. . . .

C2 For the purposes of the transition requirements in paragraphs C3–C8:

. . . .

C3 An entity shall apply this Standard using one of the following two methods:

. . . .

C4 . . . .

C5 An entity may use one or more of the following practical expedients when applying this Standard retrospectively in accordance with paragraph C3(a):

. . . .

C6 For any of the practical expedients in paragraph C5 that an entity uses, the entity shall apply that expedient consistently to all contracts within all reporting periods presented. In addition, the entity shall disclose all of the following information:

. . . .

C7 . . . .

C7A An entity applying this Standard retrospectively in accordance with paragraph C3(b) may also use the practical expedient described in paragraph C5(c), either:

. . . .

C8 For reporting periods that include the date of initial application, an entity shall provide both of the following additional disclosures if this Standard is applied retrospectively in accordance with paragraph C3(b):

. . . .

C8A . . . .

References to IFRS 9

. . . .

C9 . . . .

WITHDRAWAL OF OTHER STANDARDS

. . . .

C10 This Standard supersedes the following Standards:

. . . .

INTERNATIONAL FINANCIAL REPORTING STANDARD 16

Leases

OBJECTIVE

. . . .

1. . . . .

2. . . . .

SCOPE

. . . .

3. An entity shall apply this Standard to all leases, including leases of *right-of-use assets* in a *sublease* , except for:

. . . .

4. . . . .

RECOGNITION EXEMPTIONS (PARAGRAPHS B3–B8)

. . . .

5. A lessee may elect not to apply the requirements in paragraphs 22–49 to:

. . . .

6. . . . .

7. If a lessee accounts for short-term leases applying paragraph 6, the lessee shall consider the lease to be a new lease for the purposes of this Standard if:

. . . .

8. . . . .

IDENTIFYING A LEASE (PARAGRAPHS B9–B33)

. . . .

9. . . . .

10. . . . .

11. . . . .

Separating components of a contract

. . . .

12. . . . .

Lessee

. . . .

13. . . . .

14. . . . .

15. . . . .

16. . . . .

Lessor

. . . .

17. . . . .

LEASE TERM (PARAGRAPHS B34–B41)

. . . .

18. An entity shall determine the lease term as the non-cancellable period of a lease, together with both:

. . . .

19. . . . .

20. A lessee shall reassess whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that:

. . . .

21. An entity shall revise the lease term if there is a change in the non-cancellable period of a lease. For example, the non-cancellable period of a lease will change if:

. . . .

LESSEE

. . . .

Recognition

. . . .

22. . . . .

Measurement

. . . .

Initial measurement

. . . .

Initial measurement of the right-of-use asset

. . . .

23. . . . .

24. The cost of the right-of-use asset shall comprise:

. . . .

25. . . . .

Initial measurement of the lease liability

. . . .

26. . . . .

27. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

. . . .

28. . . . .

Subsequent measurement

. . . .

Subsequent measurement of the right-of-use asset

. . . .

29. . . . .

Cost model

. . . .

30. To apply a cost model, a lessee shall measure the right-of-use asset at cost:

. . . .

31. . . . .

32. . . . .

33. . . . .

Other measurement models

. . . .

34. . . . .

35. . . . .

Subsequent measurement of the lease liability

. . . .

36. **After the commencement date, a lessee shall measure the lease liability by:**

. . . .

37. . . . .

38. After the commencement date, a lessee shall recognise in profit or loss, unless the costs are included in the carrying amount of another asset applying other applicable Standards, both:

. . . .

Reassessment of the lease liability

. . . .

39. . . . .

40. A lessee shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate, if either:

. . . .

41. . . . .

42. A lessee shall remeasure the lease liability by discounting the revised lease payments, if either:

. . . .

43. . . . .

Lease modifications

. . . .

44. A lessee shall account for a lease modification as a separate lease if both:

. . . .

45. For a lease modification that is not accounted for as a separate lease, at the *effective date of the lease modification* a lessee shall:

. . . .

46. For a lease modification that is not accounted for as a separate lease, the lessee shall account for the remeasurement of the lease liability by:

. . . .

46A. . . . .

46B. The practical expedient in paragraph 46A applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if all of the following conditions are met:

. . . .

Presentation

. . . .

47. A lessee shall either present in the statement of financial position, or disclose in the notes:

. . . .

48. . . . .

49. . . . .

50. In the statement of cash flows, a lessee shall classify:

. . . .

Disclosure

. . . .

51. . . . .

52. . . . .

53. A lessee shall disclose the following amounts for the reporting period:

. . . .

54. . . . .

55. . . . .

56. . . . .

57. . . . .

58. . . . .

59. In addition to the disclosures required in paragraphs 53–58, a lessee shall disclose additional qualitative and quantitative information about its leasing activities necessary to meet the disclosure objective in paragraph 51 (as described in paragraph B48). This additional information may include, but is not limited to, information that helps users of financial statements to assess:

. . . .

60. . . . .

60A. If a lessee applies the practical expedient in paragraph 46A, the lessee shall disclose:

. . . .

LESSOR

. . . .

Classification of leases (paragraphs B53–B58)

. . . .

61. . . . .

62. . . . .

63. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. Examples of situations that individually or in combination would normally lead to a lease being classified as a finance lease are:

. . . .

64. Indicators of situations that individually or in combination could also lead to a lease being classified as a finance lease are:

. . . .

65. . . . .

66. . . . .

Finance leases

. . . .

Recognition and measurement

. . . .

67. . . . .

Initial measurement

. . . .

68. . . . .

69. . . . .

Initial measurement of the lease payments included in the net investment in the lease

. . . .

70. At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

. . . .

Manufacturer or dealer lessors

. . . .

71. At the commencement date, a manufacturer or dealer lessor shall recognise the following for each of its finance leases:

. . . .

72. . . . .

73. . . . .

74. . . . .

Subsequent measurement

. . . .

75. . . . .

76. . . . .

77. . . . .

78. . . . .

Lease modifications

. . . .

79. A lessor shall account for a modification to a finance lease as a separate lease if both:

. . . .

80. For a modification to a finance lease that is not accounted for as a separate lease, a lessor shall account for the modification as follows:

. . . .

Operating leases

. . . .

Recognition and measurement

. . . .

81. . . . .

82. . . . .

83. . . . .

84. . . . .

85. . . . .

86. . . . .

Lease modifications

. . . .

87. . . . .

Presentation

. . . .

88. . . . .

Disclosure

. . . .

89. . . . .

90. A lessor shall disclose the following amounts for the reporting period:

. . . .

91. . . . .

92. A lessor shall disclose additional qualitative and quantitative information about its leasing activities necessary to meet the disclosure objective in paragraph 89. This additional information includes, but is not limited to, information that helps users of financial statements to assess:

. . . .

Finance leases

. . . .

93. . . . .

94. . . . .

Operating leases

. . . .

95. . . . .

96. . . . .

97. . . . .

SALE AND LEASEBACK TRANSACTIONS

. . . .

98. . . . .

Assessing whether the transfer of the asset is a sale

. . . .

99. . . . .

Transfer of the asset is a sale

. . . .

100. If the transfer of an asset by the seller-lessee satisfies the requirements of IFRS 15 to be accounted for as a sale of the asset:

. . . .

101. If the fair value of the consideration for the sale of an asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, an entity shall make the following adjustments to measure the sale proceeds at fair value:

. . . .

102. The entity shall measure any potential adjustment required by paragraph 101 on the basis of the more readily determinable of:

. . . .

Transfer of the asset is not a sale

. . . .

103. If the transfer of an asset by the seller-lessee does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the asset:

. . . .

Appendix A

Defined terms

. . . .

Terms defined in other Standards and used in this Standard with the same meaning

. . . .

Appendix B

Application guidance

. . . .

Portfolio application

. . . .

B1 . . . .

Combination of contracts

. . . .

B2 In applying this Standard, an entity shall combine two or more contracts entered into at or near the same time with the same counterparty (or related parties of the counterparty), and account for the contracts as a single contract if one or more of the following criteria are met:

. . . .

Recognition exemption: leases for which the underlying asset is of low value (paragraphs 5–8)

. . . .

B3 . . . .

B4 . . . .

B5 An underlying asset can be of low value only if:

. . . .

B6 . . . .

B7 . . . .

B8 . . . .

Identifying a lease (paragraphs 9–11)

. . . .

B9 To assess whether a contract conveys the right to control the use of an identified asset (see paragraphs B13–B20) for a period of time, an entity shall assess whether, throughout the *period of use* , the customer has both of the following:

. . . .

B10 . . . .

B11 . . . .

B12 . . . .

Identified asset

. . . .

B13 . . . .

Substantive substitution rights

. . . .

B14 Even if an asset is specified, a customer does not have the right to use an identified asset if the supplier has the substantive right to substitute the asset throughout the period of use. A supplier's right to substitute an asset is substantive only if both of the following conditions exist:

. . . .

B15 . . . .

B16 An entity's evaluation of whether a supplier's substitution right is substantive is based on facts and circumstances at inception of the contract and shall exclude consideration of future events that, at inception of the contract, are not considered likely to occur. Examples of future events that, at inception of the contract, would not be considered likely to occur and, thus, should be excluded from the evaluation include:

. . . .

B17 . . . .

B18 . . . .

B19 . . . .

Portions of assets

. . . .

B20 . . . .

Right to obtain economic benefits from use

. . . .

B21 . . . .

B22 When assessing the right to obtain substantially all of the economic benefits from use of an asset, an entity shall consider the economic benefits that result from use of the asset within the defined scope of a customer's right to use the asset (see paragraph B30). For example:

. . . .

B23 . . . .

Right to direct the use

. . . .

B24 A customer has the right to direct the use of an identified asset throughout the period of use only if either:

. . . .

How and for what purpose the asset is used

. . . .

B25 . . . .

B26 Examples of decision-making rights that, depending on the circumstances, grant the right to change how and for what purpose the asset is used, within the defined scope of the customer's right of use, include:

. . . .

B27 . . . .

Decisions determined during and before the period of use

. . . .

B28 . . . .

B29 . . . .

Protective rights

. . . .

B30 . . . .

B31 The following flowchart may assist entities in making the assessment of whether a contract is, or contains, a lease.

. . . .

Separating components of a contract (paragraphs 12–17)

. . . .

B32 The right to use an underlying asset is a separate lease component if both:

. . . .

B33 . . . .

Lease term (paragraphs 18–21)

. . . .

B34 . . . .

B35 . . . .

B36 . . . .

B37 At the commencement date, an entity assesses whether the lessee is reasonably certain to exercise an option to extend the lease or to purchase the underlying asset, or not to exercise an option to terminate the lease. The entity considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Examples of factors to consider include, but are not limited to:

. . . .

B38 . . . .

B39 . . . .

B40 . . . .

B41 Paragraph 20 specifies that, after the commencement date, a lessee reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the lessee is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term. Examples of significant events or changes in circumstances include:

. . . .

In-substance fixed lease payments (paragraphs 27(a), 36(c) and 70(a))

. . . .

B42 Lease payments include any in-substance fixed lease payments. In-substance fixed lease payments are payments that may, in form, contain variability but that, in substance, are unavoidable. In-substance fixed lease payments exist, for example, if:

. . . .

Lessee involvement with the underlying asset before the commencement date

. . . .

Costs of the lessee relating to the construction or design of the underlying asset

. . . .

B43 . . . .

B44 . . . .

Legal title to the underlying asset

. . . .

B45 . . . .

B46 . . . .

B47 . . . .

Lessee disclosures (paragraph 59)

. . . .

B48 In determining whether additional information about leasing activities is necessary to meet the disclosure objective in paragraph 51, a lessee shall consider:

. . . .

B49 Additional information relating to variable lease payments that, depending on the circumstances, may be needed to satisfy the disclosure objective in paragraph 51 could include information that helps users of financial statements to assess, for example:

. . . .

B50 Additional information relating to extension options or termination options that, depending on the circumstances, may be needed to satisfy the disclosure objective in paragraph 51 could include information that helps users of financial statements to assess, for example:

. . . .

B51 Additional information relating to residual value guarantees that, depending on the circumstances, may be needed to satisfy the disclosure objective in paragraph 51 could include information that helps users of financial statements to assess, for example:

. . . .

B52 Additional information relating to sale and leaseback transactions that, depending on the circumstances, may be needed to satisfy the disclosure objective in paragraph 51 could include information that helps users of financial statements to assess, for example:

. . . .

Lessor lease classification (paragraphs 61–66)

. . . .

B53 . . . .

B54 . . . .

B55 . . . .

B56 . . . .

B57 . . . .

Sublease classification

. . . .

B58 In classifying a sublease, an intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows:

. . . .

Appendix C

Effective date and transition

. . . .

EFFECTIVE DATE

. . . .

C1 . . . .

C1A . . . .

TRANSITION

. . . .

C2 . . . .

Definition of a lease

. . . .

C3 As a practical expedient, an entity is not required to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, the entity is permitted:

. . . .

C4 . . . .

Lessees

. . . .

C5 A lessee shall apply this Standard to its leases either:

. . . .

C6 . . . .

C7 . . . .

Leases previously classified as operating leases

. . . .

C8 If a lessee elects to apply this Standard in accordance with paragraph C5(b), the lessee shall:

. . . .

C9 Notwithstanding the requirements in paragraph C8, for leases previously classified as operating leases applying IAS 17, a lessee:

. . . .

C10 A lessee may use one or more of the following practical expedients when applying this Standard retrospectively in accordance with paragraph C5(b) to leases previously classified as operating leases applying IAS 17. A lessee is permitted to apply these practical expedients on a lease-by-lease basis:

. . . .

Leases previously classified as finance leases

. . . .

C11 . . . .

Disclosure

. . . .

C12 If a lessee elects to apply this Standard in accordance with paragraph C5(b), the lessee shall disclose information about initial application required by paragraph 28 of IAS 8, except for the information specified in paragraph 28(f) of IAS 8. Instead of the information specified in paragraph 28(f) of IAS 8, the lessee shall disclose:

. . . .

C13 . . . .

Lessors

. . . .

C14 . . . .

C15 An intermediate lessor shall:

. . . .

Sale and leaseback transactions before the date of initial application

. . . .

C16 . . . .

C17 If a sale and leaseback transaction was accounted for as a sale and a finance lease applying IAS 17, the seller-lessee shall:

. . . .

C18 If a sale and leaseback transaction was accounted for as a sale and operating lease applying IAS 17, the seller-lessee shall:

. . . .

Amounts previously recognised in respect of business combinations

. . . .

C19 . . . .

References to IFRS 9

. . . .

C20 . . . .

Covid-19-related rent concessions for lessees

. . . .

C20A . . . .

C20B . . . .

WITHDRAWAL OF OTHER STANDARDS

. . . .

C21 This Standard supersedes the following Standards and Interpretations:

. . . .

Appendix D

Amendments to other Standards

. . . .

IFRIC INTERPRETATION 1

Changes in existing decommissioning, restoration and similar liabilities

REFERENCES

. . . .

BACKGROUND

. . . .

1 . . . .

SCOPE

. . . .

2 This Interpretation applies to changes in the measurement of any existing decommissioning, restoration or similar liability that is both:

. . . .

ISSUE

. . . .

3 This interpretation addresses how the effect of the following events that change the measurement of an existing decommissioning, restoration or similar liability should be accounted for:

. . . .

CONSENSUS

. . . .

4 . . . .

5 If the related asset is measured using the cost model:

. . . .

6 If the related asset is measured using the revaluation model:

. . . .

7 . . . .

8 . . . .

EFFECTIVE DATE

. . . .

9 . . . .

9A . . . .

9B . . . .

TRANSITION

. . . .

10 . . . .

IFRIC INTERPRETATION 2

Members' shares in cooperative entities and similar instruments

REFERENCES

. . . .

BACKGROUND

. . . .

1 . . . .

2 . . . .

SCOPE

. . . .

3 . . . .

ISSUE

. . . .

4 . . . .

CONSENSUS

. . . .

5 . . . .

6 . . . .

7 . . . .

8 . . . .

9 . . . .

10 . . . .

11 . . . .

12 . . . .

DISCLOSURE

. . . .

13 . . . .

EFFECTIVE DATE

. . . .

14 . . . .

14A . . . .

16 . . . .

17 . . . .

19 . . . .

Appendix

Examples of application of the consensus

. . . .

A1 . . . .

UNCONDITIONAL RIGHT TO REFUSE REDEMPTION (paragraph 7)

. . . .

Example 1

. . . .

Facts

. . . .

A2 . . . .

Classification

. . . .

A3 The entity has the unconditional right to refuse redemption and the members' shares are equity. IAS 32 establishes principles for classification that are based on the terms of the financial instrument and notes that a history of, or intention to make, discretionary payments does not trigger liability classification. Paragraph AG26 of IAS 32 states:

. . . .

Example 2

. . . .

Facts

. . . .

A4 . . . .

Classification

. . . .

A5 The entity does not have the unconditional right to refuse redemption and the members' shares are a financial liability. The restrictions described above are based on the entity's ability to settle its liability. They restrict redemptions only if the liquidity or reserve requirements are not met and then only until such time as they are met. Hence, they do not, under the principles established in IAS 32, result in the classification of the financial instrument as equity. Paragraph AG25 of IAS 32 states:

. . . .

PROHIBITIONS AGAINST REDEMPTION (paragraphs 8 and 9)

. . . .

Example 3

. . . .

Facts

. . . .

A6 A cooperative entity has issued shares to its members at different dates and for different amounts in the past as follows:

. . . .

A7 . . . .

Classification

. . . .

Before the governing charter is amended

. . . .

A8 . . . .

A9 . . . .

After the governing charter is amended

. . . .

A10 . . . .

Example 4

. . . .

Facts

. . . .

A11 . . . .

Classification

. . . .

A12 In this case, CU750 000 would be classified as equity and CU150 000 would be classified as financial liabilities. In addition to the paragraphs already cited, paragraph 18(b) of IAS 32 states in part:

. . . .

A13 . . . .

Example 5

. . . .

Facts

. . . .

A14 . . . .

Classification

. . . .

A15 . . . .

Example 6

. . . .

Facts

. . . .

A16 . . . .

Classification

. . . .

A17 . . . .

Example 7

. . . .

Facts

. . . .

A18 . . . .

Classification

. . . .

A19 . . . .

IFRIC INTERPRETATION 4

Determining whether an arrangement contains a lease

REFERENCES

. . . .

BACKGROUND

. . . .

1 An entity may enter into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset (e.g. an item of property, plant or equipment) in return for a payment or series of payments. Examples of arrangements in which one entity (the supplier) may convey such a right to use an asset to another entity (the purchaser), often together with related services, include:

. . . .

2 . . . .

3 . . . .

SCOPE

. . . .

4 This Interpretation does not apply to arrangements that:

. . . .

ISSUES

. . . .

5 The issues addressed in this interpretation are:

. . . .

CONSENSUS

. . . .

Determining whether an arrangement is, or contains, a lease

. . . .

6 Determining whether an arrangement is, or contains, a lease shall be based on the substance of the arrangement and requires an assessment of whether:

. . . .

Fulfilment of the arrangement is dependent on the use of a specific asset

. . . .

7 . . . .

8 . . . .

Arrangement conveys a right to use the asset

. . . .

9 An arrangement conveys the right to use the asset if the arrangement conveys to the purchaser (lessee) the right to control the use of the underlying asset. The right to control the use of the underlying asset is conveyed if any one of the following conditions is met:

. . . .

Assessing or reassessing whether an arrangement is, or contains, a lease

. . . .

10 The assessment of whether an arrangement contains a lease shall be made at the inception of the arrangement, being the earlier of the date of the arrangement and the date of commitment by the parties to the principal terms of the arrangement, on the basis of all of the facts and circumstances. A reassessment of whether the arrangement contains a lease after the inception of the arrangement shall be made only if any one of the following conditions is met:

. . . .

11 A reassessment of an arrangement shall be based on the facts and circumstances as of the date of reassessment, including the remaining term of the arrangement. Changes in estimate (for example, the estimated amount of output to be delivered to the purchaser or other potential purchasers) would not trigger a reassessment. If an arrangement is reassessed and is determined to contain a lease (or not to contain a lease), lease accounting shall be applied (or cease to apply) from:

. . . .

Separating payments for the lease from other payments

. . . .

12 . . . .

13 . . . .

14 . . . .

15 If a purchaser concludes that it is impracticable to separate the payments reliably, it shall:

. . . .

EFFECTIVE DATE

. . . .

16 . . . .

TRANSITION

. . . .

17 . . . .

IFRIC INTERPRETATION 5

Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds

REFERENCES

. . . .

BACKGROUND

. . . .

1 . . . .

2 Contributions to these funds may be voluntary or required by regulation or law. The funds may have one of the following structures:

. . . .

3 Such funds generally have the following features:

. . . .

SCOPE

. . . .

4 This interpretation applies to accounting in the financial statements of a contributor for interests arising from decommissioning funds that have both of the following features:

. . . .

5 . . . .

ISSUES

. . . .

6 The issues addressed in this interpretation are:

. . . .

CONSENSUS

. . . .

Accounting for an interest in a fund

. . . .

7 . . . .

8 . . . .

9 If a contributor does not have control or joint control of, or significance influence over, the fund, the contributor shall recognise the right to receive reimbursement from the fund as a reimbursement in accordance with IAS 37. This reimbursement shall be measured at the lower of:

. . . .

Accounting for obligations to make additional contributions

. . . .

10 . . . .

Disclosure

. . . .

11 . . . .

12 . . . .

13 . . . .

EFFECTIVE DATE

. . . .

14 . . . .

14B . . . .

14D . . . .

TRANSITION

. . . .

15 . . . .

IFRIC INTERPRETATION 6

Liabilities arising from participating in a specific market — waste electrical and electronic equipment

REFERENCES

. . . .

BACKGROUND

. . . .

1 . . . .

2 . . . .

3 . . . .

4 . . . .

5 . . . .

SCOPE

. . . .

6 . . . .

7 . . . .

ISSUE

. . . .

8 The IFRIC was asked to determine in the context of the decommissioning of WE&EE what constitutes the obligating event in accordance with paragraph 14(a) of IAS 37 for the recognition of a provision for waste management costs:

. . . .

CONSENSUS

. . . .

9 . . . .

EFFECTIVE DATE

. . . .

10 . . . .

TRANSITION

. . . .

11 . . . .

IFRIC INTERPRETATION 7

Applying the restatement approach under IAS 29 Financial reporting in hyperinflationary economies

REFERENCES

. . . .

BACKGROUND

. . . .

1 . . . .

ISSUES

. . . .

2 The questions addressed in this interpretation are:

. . . .

CONSENSUS

. . . .

3 . . . .

4 At the end of the reporting period, deferred tax items are recognised and measured in accordance with IAS 12. However, the deferred tax figures in the opening statement of financial position for the reporting period shall be determined as follows:

. . . .

5 . . . .

EFFECTIVE DATE

. . . .

6 . . . .

IFRIC INTERPRETATION 8

Scope of IFRS 2

REFERENCES

. . . .

BACKGROUND

. . . .

1 . . . .

2 . . . .

3 . . . .

4 . . . .

5 . . . .

SCOPE

. . . .

6 . . . .

ISSUE

. . . .

7 . . . .

CONSENSUS

. . . .

8 . . . .

9 . . . .

10 . . . .

11 . . . .

12 . . . .

EFFECTIVE DATE

. . . .

13 . . . .

TRANSITION

. . . .

14 . . . .

IFRIC INTERPRETATION 9

Reassessment of embedded derivatives

REFERENCES

. . . .

BACKGROUND

. . . .

1 . . . .

2 IAS 39 paragraph 11 requires an embedded derivative to be separated from the host contract and accounted for as a derivative if, and only if:

. . . .

SCOPE

. . . .

3 . . . .

4 . . . .

5 This interpretation does not apply to embedded derivatives in contracts acquired in:

. . . .

ISSUES

. . . .

6 IAS 39 requires an entity, when it first becomes a party to a contract, to assess whether any embedded derivatives contained in the contract are required to be separated from the host contract and accounted for as derivatives under the standard. This interpretation addresses the following issues:

. . . .

CONSENSUS

. . . .

7 . . . .

7A The assessment whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on reclassification of a financial asset out of the fair value through profit or loss category in accordance with paragraph 7 shall be made on the basis of the circumstances that existed on the later date of:

. . . .

8 . . . .

EFFECTIVE DATE AND TRANSITION

. . . .

9 . . . .

10 . . . .

11 . . . .

12 . . . .

IFRIC INTERPRETATION 10

Interim financial reporting and impairment

REFERENCES

. . . .

BACKGROUND

. . . .

1 . . . .

2 . . . .

ISSUE

. . . .

3 . . . .

4 . . . .

5 . . . .

6 . . . .

7 The Interpretation addresses the following issue:

. . . .

CONSENSUS

. . . .

8 . . . .

9 . . . .

EFFECTIVE DATE AND TRANSITION

. . . .

10 . . . .

14 . . . .

IFRIC INTERPRETATION 11

IFRS 2 — Group and treasury share transactions

REFERENCES

. . . .

ISSUES

. . . .

1 This interpretation addresses two issues. The first is whether the following transactions should be accounted for as equity-settled or as cash-settled under the requirements of IFRS 2:

. . . .

2 The second issue concerns share-based payment arrangements that involve two or more entities within the same group. For example, employees of a subsidiary are granted rights to equity instruments of its parent as consideration for the services provided to the subsidiary. IFRS 2 paragraph 3 states that:

. . . .

3 Therefore, the second issue addresses the following share-based payment arrangements:

. . . .

4 . . . .

5 . . . .

6 . . . .

CONSENSUS

. . . .

Share-based payment arrangements involving an entity's own equity instruments (paragraph 1)

. . . .

7 Share-based payment transactions in which an entity receives services as consideration for its own equity instruments shall be accounted for as equity-settled. This applies regardless of whether the entity chooses or is required to buy those equity instruments from another party to satisfy its obligations to its employees under the share-based payment arrangement. It also applies regardless of whether:

. . . .

Share-based payment arrangements involving equity instruments of the parent

. . . .

A parent grants rights to its equity instruments to the employees of its subsidiary (paragraph 3(a))

. . . .

8 . . . .

9 . . . .

10 . . . .

A subsidiary grants rights to equity instruments of its parent to its employees (paragraph 3(b))

. . . .

11 . . . .

EFFECTIVE DATE

. . . .

12 . . . .

TRANSITION

. . . .

13 . . . .

IFRIC INTERPRETATION 12

Service Concession Arrangements

REFERENCES

. . . .

BACKGROUND

. . . .

1 . . . .

2 . . . .

3 . . . .

SCOPE

. . . .

4 . . . .

5 . . . .

6 . . . .

7 . . . .

8 . . . .

9 . . . .

ISSUES

. . . .

10 . . . .

CONSENSUS

. . . .

Treatment of the operator’s rights over the infrastructure

. . . .

11 . . . .

Recognition and measurement of arrangement consideration

. . . .

12 . . . .

13 . . . .

Construction or upgrade services

. . . .

14 . . . .

Consideration given by the grantor to the operator

. . . .

15 . . . .

16 . . . .

17 . . . .

18 . . . .

19 . . . .

Operation services

. . . .

20 . . . .

Contractual obligations to restore the infrastructure to a specified level of serviceability

. . . .

21 . . . .

Borrowing costs incurred by the operator

. . . .

22 . . . .

Financial asset

. . . .

23 . . . .

24 . . . .

25 . . . .

Intangible asset

. . . .

26 . . . .

Items provided to the operator by the grantor

. . . .

27 . . . .

EFFECTIVE DATE

. . . .

28 . . . .

28D . . . .

28E . . . .

28F . . . .

TRANSITION

. . . .

29 . . . .

30 . . . .

Appendix A

APPLICATION GUIDANCE

. . . .

SCOPE (paragraph 5)

. . . .

AG1 . . . .

AG2 . . . .

AG3 . . . .

AG4 . . . .

AG5 . . . .

AG6 . . . .

AG7 . . . .

AG8 . . . .

IFRIC INTERPRETATION 13

Customer Loyalty Programmes

REFERENCES

. . . .

BACKGROUND

. . . .

1 . . . .

2 . . . .

SCOPE

. . . .

3 This Interpretation applies to customer loyalty award credits that:

. . . .

ISSUES

. . . .

4 The issues addressed in this Interpretation are:

. . . .

CONSENSUS

. . . .

5 . . . .

6 . . . .

7 . . . .

8 If a third party supplies the awards, the entity shall assess whether it is collecting the consideration allocated to the award credits on its own account (ie as the principal in the transaction) or on behalf of the third party (ie as an agent for the third party).

. . . .

9 . . . .

EFFECTIVE DATE AND TRANSITION

. . . .

10 . . . .

10A . . . .

10B . . . .

11 . . . .

Appendix

Application guidance

. . . .

Measuring the fair value of award credits

. . . .

AG1 . . . .

AG2 An entity may measure the fair value of award credits by reference to the fair value of the awards for which they could be redeemed. The fair value of the award credits takes into account, as appropriate:

. . . .

AG3 . . . .

IFRIC INTERPRETATION 14

IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

REFERENCES

. . . .

BACKGROUND

. . . .

1 . . . .

2 . . . .

3 . . . .

3A . . . .

SCOPE

. . . .

4 . . . .

5 . . . .

ISSUES

. . . .

6 The issues addressed in this Interpretation are:

. . . .

CONSENSUS

. . . .

Availability of a refund or reduction in future contributions

. . . .

7 . . . .

8 . . . .

9 . . . .

10 . . . .

The economic benefit available as a refund — The right to a refund

. . . .

11 A refund is available to an entity only if the entity has an unconditional right to a refund:

. . . .

12 . . . .

13 . . . .

14 . . . .

15 . . . .

The economic benefit available as a contribution reduction

. . . .

16 If there is no minimum funding requirement for contributions relating to future service, the economic benefit available as a reduction in future contributions is

. . . .

17 . . . .

The effect of a minimum funding requirement on the economic benefit available as a reduction in future contributions

. . . .

18 . . . .

19 . . . .

20 If there is a minimum funding requirement for contributions relating to future service, the economic benefit available as a reduction in future contributions is the sum of:

. . . .

21 . . . .

22 . . . .

When a minimum funding requirement may give rise to a liability

. . . .

23 . . . .

24 . . . .

25 . . . .

26 The liability in respect of the minimum funding requirement and any subsequent remeasurement of that liability shall be recognised immediately in accordance with the entity's adopted policy for recognising the effect of the limit in paragraph 58 in IAS 19 on the measurement of the defined benefit asset. In particular:

. . . .

EFFECTIVE DATE

. . . .

27 . . . .

27A . . . .

27B . . . .

27C . . . .

TRANSITION

. . . .

28 . . . .

29 . . . .

IFRIC INTERPRETATION 15

Agreements for the Construction of Real Estate

REFERENCES

. . . .

BACKGROUND

. . . .

1 . . . .

2 . . . .

3 . . . .

SCOPE

. . . .

4 . . . .

5 . . . .

ISSUES

. . . .

6 The Interpretation addresses two issues:

. . . .

CONSENSUS

. . . .

7 . . . .

8 . . . .

9 . . . .

Determining whether the agreement is within the scope of IAS 11 or IAS 18

. . . .

10 . . . .

11 . . . .

12 . . . .

Accounting for revenue from the construction of real estate

. . . .

The agreement is a construction contract

. . . .

13 . . . .

14 . . . .

The agreement is an agreement for the rendering of services

. . . .

15 . . . .

The agreement is an agreement for the sale of goods

. . . .

16 . . . .

17 . . . .

18 . . . .

19 . . . .

Disclosures

. . . .

20 When an entity recognises revenue using the percentage of completion method for agreements that meet all the criteria in paragraph 14 of IAS 18 continuously as construction progresses (see paragraph 17 of the Interpretation), it shall disclose:

. . . .

21 For the agreements described in paragraph 20 that are in progress at the reporting date, the entity shall also disclose:

. . . .

AMENDMENTS TO THE APPENDIX TO IAS 18

. . . .

22-23 . . . .

EFFECTIVE DATE AND TRANSITION

. . . .

24 . . . .

25 . . . .

IFRIC INTERPRETATION 16

Hedges of a Net Investment in a Foreign Operation

REFERENCES

. . . .

BACKGROUND

. . . .

1 . . . .

2 . . . .

3 . . . .

4 . . . .

5 . . . .

6 . . . .

SCOPE

. . . .

7 . . . .

8 . . . .

ISSUES

. . . .

9 Investments in foreign operations may be held directly by a parent entity or indirectly by its subsidiary or subsidiaries. The issues addressed in this Interpretation are:

. . . .

CONSENSUS

. . . .

Nature of the hedged risk and amount of the hedged item for which a hedging relationship may be designated

. . . .

10 . . . .

11 . . . .

12 . . . .

13 . . . .

Where the hedging instrument can be held

. . . .

14 . . . .

15 . . . .

Disposal of a hedged foreign operation

. . . .

16 . . . .

17 . . . .

EFFECTIVE DATE

. . . .

18 . . . .

18B . . . .

TRANSITION

. . . .

19 . . . .

Appendix

Application guidance

. . . .

AG1 . . . .

Nature of hedged risk for which a hedging relationship may be designated (paragraphs 10-13)

. . . .

AG2 . . . .

Amount of hedged item for which a hedging relationship may be designated (paragraphs 10-13)

. . . .

AG3 . . . .

AG4 . . . .

AG5 . . . .

AG6 . . . .

Where in a group can the hedging instrument be held (paragraphs 14 and 15)?

. . . .

AG7 . . . .

Amounts reclassified to profit or loss on disposal of a foreign operation (paragraphs 16 and 17)

. . . .

AG8 . . . .

Hedging more than one foreign operation (paragraphs 11, 13 and 15)

. . . .

AG9 . . . .

Parent holds both USD and GBP hedging instruments

. . . .

AG10 . . . .

AG11 . . . .

AG12 . . . .

Subsidiary B holds the USD hedging instrument

. . . .

AG13 . . . .

AG14 . . . .

AG15 . . . .

IFRIC INTERPRETATION 17

Distributions of Non-cash Assets to Owners

REFERENCES

. . . .

BACKGROUND

. . . .

1 . . . .

2 . . . .

SCOPE

. . . .

3 This Interpretation applies to the following types of non-reciprocal distributions of assets by an entity to its owners acting in their capacity as owners:

. . . .

4 . . . .

5 . . . .

6 . . . .

7 . . . .

8 . . . .

ISSUES

. . . .

9 When an entity declares a distribution and has an obligation to distribute the assets concerned to its owners, it must recognise a liability for the dividend payable. Consequently, this Interpretation addresses the following issues:

. . . .

CONSENSUS

. . . .

When to recognise a dividend payable

. . . .

10 The liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity, which is the date:

. . . .

Measurement of a dividend payable

. . . .

11 . . . .

12 . . . .

13 . . . .

Accounting for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable when an entity settles the dividend payable

. . . .

14 . . . .

Presentation and disclosures

. . . .

15 . . . .

16 An entity shall disclose the following information, if applicable:

. . . .

17 If, after the end of a reporting period but before the financial statements are authorised for issue, an entity declares a dividend to distribute a non-cash asset, it shall disclose:

. . . .

EFFECTIVE DATE

. . . .

18 . . . .

19 . . . .

20 . . . .

IFRIC INTERPRETATION 18

Transfers of Assets from Customers

REFERENCES

. . . .

BACKGROUND

. . . .

1 . . . .

2 . . . .

3 . . . .

SCOPE

. . . .

4 . . . .

5 . . . .

6 . . . .

7 . . . .

ISSUES

. . . .

8 The Interpretation addresses the following issues:

. . . .

CONSENSUS

. . . .

Is the definition of an asset met?

. . . .

9 . . . .

10 . . . .

How should the transferred item of property, plant and equipment be measured on initial recognition?

. . . .

11 . . . .

How should the credit be accounted for?

. . . .

12 . . . .

13 . . . .

Identifying the separately identifiable services

. . . .

14 . . . .

15 Features that indicate that connecting the customer to a network is a separately identifiable service include:

. . . .

16 . . . .

17 . . . .

Revenue recognition

. . . .

18 . . . .

19 . . . .

20 . . . .

How should the entity account for a transfer of cash from its customer?

. . . .

21 . . . .

EFFECTIVE DATE AND TRANSITION

. . . .

22 . . . .

IFRIC INTERPRETATION 19

Extinguishing Financial Liabilities with Equity Instruments

REFERENCES

. . . .

BACKGROUND

. . . .

1 . . . .

SCOPE

. . . .

2 . . . .

3 An entity shall not apply this Interpretation to transactions in situations where:

. . . .

ISSUES

. . . .

4 This Interpretation addresses the following issues:

. . . .

CONSENSUS

. . . .

5 . . . .

6 . . . .

7 . . . .

8 . . . .

9 . . . .

10 . . . .

11 . . . .

EFFECTIVE DATE AND TRANSITION

. . . .

12 . . . .

13 . . . .

15 . . . .

17 . . . .

IFRIC INTERPRETATION 20

Stripping Costs in the Production Phase of a Surface Mine

REFERENCES

. . . .

BACKGROUND

. . . .

1 . . . .

2 . . . .

3 . . . .

4 . . . .

5 . . . .

SCOPE

. . . .

6 . . . .

ISSUES

. . . .

7 This Interpretation addresses the following issues:

. . . .

CONSENSUS

. . . .

Recognition of production stripping costs as an asset

. . . .

8 . . . .

9 An entity shall recognise a stripping activity asset if, and only if, all of the following are met:

. . . .

10 . . . .

11 . . . .

Initial measurement of the stripping activity asset

. . . .

12 . . . .

13 When the costs of the stripping activity asset and the inventory produced are not separately identifiable, the entity shall allocate the production stripping costs between the inventory produced and the stripping activity asset by using an allocation basis that is based on a relevant production measure. This production measure shall be calculated for the identified component of the ore body, and shall be used as a benchmark to

identify the extent to which the additional activity of creating a future benefit has taken place. Examples of such measures include:

. . . .

Subsequent measurement of the stripping activity asset

. . . .

14 . . . .

15 . . . .

16 . . . .

Appendix A

Effective date and transition

. . . .

A1 . . . .

A2 . . . .

A3 . . . .

A4 . . . .

IFRIC 21

IFRIC Interpretation 21 *Levies*

REFERENCES

. . . .

BACKGROUND

. . . .

1. . . . .

SCOPE

. . . .

2. . . . .

3. . . . .

4. For the purposes of this Interpretation, a levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

. . . .

5. . . . .

6. . . . .

ISSUES

. . . .

7. To clarify the accounting for a liability to pay a levy, this Interpretation addresses the following issues:

. . . .

CONSENSUS

. . . .

8. . . . .

9. . . . .

10. . . . .

11. . . . .

12. . . . .

13. An entity shall apply the same recognition principles in the interim financial report that it applies in the annual financial statements. As a result, in the interim financial report, a liability to pay a levy:

. . . .

14. . . . .

Appendix A

Effective date and transition

. . . .

IFRIC ® Interpretation 22

Foreign Currency Transactions and Advance Consideration

REFERENCES

. . . .

BACKGROUND

. . . .

1. . . . .

2. . . . .

3. . . . .

SCOPE

. . . .

4. . . . .

5. This Interpretation does not apply when an entity measures the related asset, expense or income on initial recognition:

. . . .

6. An entity is not required to apply this Interpretation to:

. . . .

ISSUE

. . . .

7. . . . .

CONSENSUS

. . . .

8. . . . .

9. . . . .

Appendix A

Effective date and transition

. . . .

EFFECTIVE DATE

. . . .

A1 . . . .

TRANSITION

. . . .

A2 On initial application, an entity shall apply this Interpretation either:

. . . .

A3 . . . .

Appendix B

. . . .

IFRIC 23

Uncertainty over Income tax treatments

REFERENCES

. . . .

BACKGROUND

. . . .

1. . . . .

2. . . . .

3. In this Interpretation:

. . . .

SCOPE

. . . .

4. . . . .

ISSUES

. . . .

5. When there is uncertainty over income tax treatments, this Interpretation addresses:

. . . .

CONSENSUS

. . . .

Whether an entity considers uncertain tax treatments separately

. . . .

6. . . . .

7. . . . .

Examination by taxation authorities

. . . .

8. . . . .

Determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

. . . .

9. . . . .

10. . . . .

11. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates. An entity shall reflect the effect of uncertainty for each uncertain tax

treatment by using either of the following methods, depending on which method the entity expects to better predict the resolution of the uncertainty:

. . . .

12. . . . .

Changes in facts and circumstances

. . . .

13. . . . .

14. . . . .

Appendix A

Application Guidance

. . . .

CHANGES IN FACTS AND CIRCUMSTANCES (PARAGRAPH 13)

. . . .

A1 . . . .

A2 . . . .

A3 . . . .

DISCLOSURE

. . . .

A4 . . . .

A5 . . . .

Appendix B

Effective date and transition

. . . .

EFFECTIVE DATE

. . . .

B1 . . . .

TRANSITION

. . . .

B2 . . . .

SIC INTERPRETATION 7

Introduction of the euro

REFERENCES

. . . .

ISSUE

. . . .

1 . . . .

2 . . . .

CONSENSUS

. . . .

3 . . . .

4 This means that, in particular:

. . . .

DATE OF CONSENSUS

. . . .

EFFECTIVE DATE

. . . .

SIC INTERPRETATION 10

Government assistance — no specific relation to operating activities

REFERENCES

. . . .

ISSUE

. . . .

1 In some countries government assistance to entities may be aimed at encouragement or long-term support of business activities either in certain regions or industry sectors. Conditions to receive such assistance may not be specifically related to the operating activities of the entity. Examples of such assistance are transfers of resources by governments to entities which:

. . . .

2 . . . .

CONSENSUS

. . . .

3 . . . .

DATE OF CONSENSUS

. . . .

EFFECTIVE DATE

. . . .

SIC INTERPRETATION 12

Consolidation — special purpose entities

REFERENCES

. . . .

ISSUE

. . . .

1 . . . .

2 . . . .

3 . . . .

4 . . . .

5 . . . .

6 . . . .

7 . . . .

CONSENSUS

. . . .

8 . . . .

9 . . . .

10 In addition to the situations described in IAS 27.13, the following circumstances, for example, may indicate a relationship in which an entity controls an SPE and consequently should consolidate the SPE (additional guidance is provided in the Appendix to this interpretation):

. . . .

11 . . . .

DATE OF CONSENSUS

. . . .

EFFECTIVE DATE

. . . .

SIC INTERPRETATION 13

Jointly controlled entities — non-monetary contributions by venturers

REFERENCES

. . . .

ISSUE

. . . .

1 . . . .

2 . . . .

3 The issues are:

. . . .

4 . . . .

CONSENSUS

. . . .

5 In applying IAS 31.48 to non-monetary contributions to a JCE in exchange for an equity interest in the JCE, a venturer shall recognise in profit or loss for the period the portion of a gain or loss attributable to the equity interests of the other venturers except when:

. . . .

6 . . . .

7 . . . .

8-13 . . . .

DATE OF CONSENSUS

. . . .

EFFECTIVE DATE

. . . .

14 . . . .

15 . . . .

SIC INTERPRETATION 15

Operating leases — incentives

REFERENCES

. . . .

ISSUE

. . . .

1 . . . .

2 . . . .

CONSENSUS

. . . .

3 . . . .

4 . . . .

5 . . . .

6 . . . .

DATE OF CONSENSUS

. . . .

EFFECTIVE DATE

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SIC INTERPRETATION 21

Income taxes — recovery of revalued non-depreciable assets

REFERENCES

. . . .

ISSUE

. . . .

1 . . . .

2 . . . .

3 . . . .

4 . . . .

CONSENSUS

. . . .

5 . . . .

DATE OF CONSENSUS

. . . .

EFFECTIVE DATE

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SIC INTERPRETATION 25

Income taxes — changes in the tax status of an entity or its shareholders

REFERENCES

. . . .

ISSUE

. . . .

1 . . . .

2 . . . .

3 . . . .

CONSENSUS

. . . .

4 . . . .

DATE OF CONSENSUS

. . . .

EFFECTIVE DATE

. . . .

SIC INTERPRETATION 27

Evaluating the substance of transactions involving the legal form of a lease

REFERENCES

. . . .

ISSUE

. . . .

1 . . . .

2 When an arrangement with an Investor involves the legal form of a lease, the issues are:

. . . .

CONSENSUS

. . . .

3 . . . .

4 . . . .

5 IAS 17 applies when the substance of an arrangement includes the conveyance of the right to use an asset for an agreed period of time. Indicators that individually demonstrate that an arrangement may not, in substance, involve a lease under IAS 17 include (Appendix B provides illustrations of application of this interpretation):

. . . .

6 The definitions and guidance in paragraphs 49-64 of the *Framework* shall be applied in determining whether, in substance, a separate investment account and lease payment obligations represent assets and liabilities of the entity. Indicators that collectively demonstrate that, in substance, a separate investment account and lease payment obligations do not meet the definitions of an asset and a liability and shall not be recognised by the entity include:

. . . .

7 . . . .

8 The requirements in IFRS 15 shall be applied to the facts and circumstances of each arrangement in determining when to recognise a fee as income that an Entity might receive. Factors such as whether there is continuing involvement in the form of significant future performance obligations necessary to earn the fee, whether there are retained risks, the terms of any guarantee arrangements, and the risk of repayment of the fee, shall be considered. Indicators that individually demonstrate that recognition of the entire fee as income when received, if received at the beginning of the arrangement, is inappropriate include:

. . . .

9 . . . .

DISCLOSURE

. . . .

10 All aspects of an arrangement that does not, in substance, involve a lease under IAS 17 shall be considered in determining the appropriate disclosures that are necessary to understand the arrangement and the accounting treatment adopted. An entity shall disclose the following in each period that an arrangement exists:

. . . .

11 . . . .

DATE OF CONSENSUS

. . . .

EFFECTIVE DATE

. . . .

SIC INTERPRETATION 29

Service Concession Arrangements: Disclosures

REFERENCES

. . . .

ISSUE

. . . .

1 . . . .

2 A service concession arrangement generally involves the grantor conveying for the period of the concession to the operator:

. . . .

3 . . . .

4 . . . .

5 . . . .

CONSENSUS

. . . .

6 All aspects of a service concession arrangement shall be considered in determining the appropriate disclosures in the notes. An operator and a grantor shall disclose the following in each period:

. . . .

6A . . . .

7 . . . .

DATE OF CONSENSUS

. . . .

EFFECTIVE DATE

. . . .

SIC INTERPRETATION 31

Revenue — barter transactions involving advertising services

REFERENCES

. . . .

ISSUE

. . . .

1 . . . .

2 . . . .

3 . . . .

4 . . . .

CONSENSUS

. . . .

5 Revenue from a barter transaction involving advertising cannot be measured reliably at the fair value of advertising services received. However, a seller can reliably measure revenue at the fair value of the advertising services it provides in a barter transaction, by reference only to non-barter transactions that:

. . . .

DATE OF CONSENSUS

. . . .

EFFECTIVE DATE

. . . .

SIC INTERPRETATION 32

Intangible assets — website costs

REFERENCES

. . . .

ISSUE

. . . .

1 . . . .

2 The stages of a website's development can be described as follows:

. . . .

3 . . . .

4 When accounting for internal expenditure on the development and operation of an entity's own website for internal or external access, the issues are:

. . . .

5 . . . .

6 . . . .

CONSENSUS

. . . .

7 . . . .

8 . . . .

9 Any internal expenditure on the development and operation of an entity's own website shall be accounted for in accordance with IAS 38. The nature of each activity for which expenditure is incurred (e.g. training employees and maintaining the website) and the website's stage of development or post-development shall be evaluated to determine the appropriate accounting treatment (additional guidance is provided in the Appendix to this interpretation). For example:

. . . .

10 . . . .

DATE OF CONSENSUS

. . . .

EFFECTIVE DATE

. . . .