Changes in this edition

This section is a brief guide to the changes since the 2014 edition of *A Guide through International Financial Reporting Standards*.

Introduction

The consolidated text of International Financial Reporting Standards (IFRS) given in this collection is the latest version as at 1 July 2015. In some cases the effective date of the consolidated text is later than 1 July 2015. The title page preceding each Standard details its history. This collection does not include versions of Standards (or parts of Standards) that are being superseded.

New requirements introduced since 1 July 2014

The following changes have been made since 1 July 2014:

- one revised Standard—IFRS 9 *Financial Instruments*;
- amendments to the following Standards: IFRS 10, IFRS 12, IAS 1, IAS 27 and IAS 28;
- one set of Annual Improvements, which change IFRS 5, IFRS 7, IAS 19 and IAS 34; and
- related consequential amendments.

Other material that has changed

Relevant IFRS Interpretations Committee Agenda Decisions published since 1 July 2014 have been added. In addition, a change has been made to how the IFRS Interpretations Committee Agenda Decisions are presented. They have been reproduced as annotations at the end of the paragraph to which they relate whereas previously they were reproduced as footnotes.

The *Glossary* has been revised and included in Part A only.

Minor editorial corrections to Standards (including necessary updating) have been made; a list of these is available on the website.

Revised Standard

IFRS 9 *Financial Instruments*

IFRS 9 *Financial Instruments* sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*.

The IASB had always intended that IFRS 9 would replace IAS 39 in its entirety. However, in response to requests from interested parties that the accounting for financial instruments should be improved quickly, the IASB divided its project to replace IAS 39 into three main phases. As the IASB completed each phase, it issued chapters in IFRS 9 that replaced the corresponding requirements in IAS 39.

In July 2014 that work culminated when the IASB issued the completed version of IFRS 9, which includes:

(a) a model for classifying financial assets that is driven by an asset's cash flow characteristics and the business model in which it is held;

(b) a model for classifying financial liabilities, including recognition in other comprehensive income, rather than in profit or loss, of gains (and losses) that are due to the deterioration (improvement) in an entity's own credit risk on financial liabilities that an entity has elected to measure at fair value;

(c) a single, forward-looking 'expected loss' impairment model for financial assets not measured at fair value through profit or loss that requires entities to account for expected credit losses from when the financial assets are first recognised,[1] and to recognise full lifetime expected losses when credit risk has increased significantly since initial recognition; and

(d) a hedge accounting model that more closely aligns the accounting treatment with the entity's risk management activities and (in IFRS 7 *Financial Instruments: Disclosures*) provides enhanced disclosures about risk management activity.

It should be noted that:

(a) the requirements in IFRS 9 for own credit risk can be early applied without any other part of IFRS 9 being applied.

(b) an entity that applies IFRS 9 can nevertheless elect (an accounting policy choice) to continue applying the hedge accounting requirements in IAS 39 for all hedge accounting relationships.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted.

Amendments to Standards issued as separate documents

Equity Method in Separate Financial Statements

Equity Method in Separate Financial Statements (Amendments to IAS 27) was issued in August 2014. The amendments to IAS 27 *Separate Financial Statements* will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments are required to be applied for annual periods beginning on or after 1 January 2016 retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Earlier application is permitted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) was issued in September 2014. The amendments address the conflict between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, when accounting for the sale or contribution of a subsidiary to a joint venture or associate (resulting in the loss of control of the subsidiary). The amendments are required to be applied for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Investment Entities: Applying the Consolidation Exception

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) was issued in December 2014. The amendments clarify which subsidiaries of an investment entity should be consolidated instead of being measured at fair value through profit or loss. The amendments also clarify that the exemption from presenting consolidated financial statements continues to apply to subsidiaries of an investment entity that are themselves parent entities. This is so even if that subsidiary and all other subsidiaries are measured at fair value through profit or loss by the higher level investment entity parent. In addition, the amendments provide relief whereby a non-investment entity investor can, when applying the equity method, choose to retain the fair value through profit or loss measurement that is applied by its investment entity associates and joint ventures to their subsidiaries. The amendments are required to be applied for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Disclosure Initiative

Disclosure Initiative (Amendments to IAS 1) was issued in December 2014. The amendments address concerns expressed about some of the existing presentation and disclosure requirements in IAS 1 *Presentation of Financial Statements* and ensure that entities are able to use judgement when applying those requirements. As a result, it introduces five, narrow-focus improvements to the disclosure requirements that relate to materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendments also clarify the requirements in paragraph 82A of IAS 1 for presenting an entity's share of items of other comprehensive income of associates and joint ventures

[1] The new impairment model applies equally to off-balance sheet exposures such as loan commitments and financial guarantee contracts.

accounted for using the equity method. These amendments are required to be applied for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Annual Improvements

Annual Improvements to IFRSs 2012–2014 Cycle was issued in September 2014. The five amendments related to four Standards. The amendments are required to be applied for annual periods beginning on or after 1 January 2016. Earlier application of each amendment is permitted

Standard	**Subject of amendment**
IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	Changes in methods of disposal.
IFRS 7 *Financial Instruments: Disclosures*	Servicing contracts.
	Applicability of the December 2011 amendments to IFRS 7 to condensed interim financial statements.
IAS 19 *Employee Benefits*	Discount rate: regional market issue.
IAS 34 *Interim Financial Reporting*	Disclosure of information ‘elsewhere in the interim financial report’.