

Changes in this edition

This section is a brief guide to the changes incorporated in this 2021 edition since the publication of *IFRS® Standards issued at 1 January 2020* (Issued IFRS Standards 2020).

Basis of preparation

This edition contains the Standards issued by the International Accounting Standards Board (Board) as at 31 December 2020. These Standards include changes that are not yet required at 1 January 2021.

Standards and amendments to Standards required for accounting periods beginning on 1 January 2021 (that is, all Standards with an effective date on or before 1 January 2021) are included in *IFRS® Standards—Required 1 January 2021* and *The Annotated IFRS® Standards—Standards required 1 January 2021*.

New in this edition

The following pronouncements are issued as at 31 December 2020 and included in this edition:

- a revised version of the *Constitution and Due Process Handbook* of the IFRS Foundation;
- *Classification of Liabilities as Current or Non-current* and *Classification of Liabilities as Current or Non-current—Deferral of Effective Date*—amendments to IAS 1 *Presentation of Financial Statements*;
- *Annual Improvements to IFRS Standards 2018–2020*—amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases* and IAS 41 *Agriculture*;
- *Covid-19-Related Rent Concessions*—amendment to IFRS 16;
- *Reference to the Conceptual Framework*—amendments to IFRS 3 *Business Combinations*;
- *Onerous Contracts—Cost of Fulfilling a Contract*—amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*;
- *Property, Plant and Equipment: Proceeds before Intended Use*—amendment to IAS 16 *Property, Plant and Equipment*;
- *Extension of the Temporary Exemption from Applying IFRS 9*—amendments to IFRS 4 *Insurance Contracts*;
- *Amendments to IFRS 17*—amendments to IFRS 3, IFRS 7, IFRS 9, IFRS 17 *Insurance Contracts*, IAS 1, IAS 32 *Financial Instruments: Presentation*, IAS 36 *Impairment of Assets* and IAS 38 *Intangible Assets*; and
- *Interest Rate Benchmark Reform—Phase 2*—amendments to IFRS 4, IFRS 7 *Financial Instruments: Disclosures*, IFRS 9, IFRS 16 and IAS 39 *Financial Instruments: Recognition and Measurement*.

The following table provides the publication and effective date of new amendments.

New amendments issued at 1 January 2021				
Amendment	When issued	Effective date (early application is possible unless otherwise noted)	Standards amended	Standards/ Interpretations withdrawn
<i>Classification of Liabilities as Current or Non-current</i> ¹ Amendments to IAS 1	January 2020	1 January 2023	IAS 1	
<i>Annual Improvements to IFRS Standards 2018–2020</i>	May 2020	Takes effect immediately	IFRS 16	
<i>Annual Improvements to IFRS Standards 2018–2020</i>	May 2020	1 January 2022	IFRS 1, IFRS 9; IAS 41	
<i>Covid-19-Related Rent Concessions</i> Amendment to IFRS 16	May 2020	1 June 2020	IFRS 16	
<i>Reference to the Conceptual Framework</i> Amendments to IFRS 3	May 2020	1 January 2022	IFRS 3	
<i>Onerous Contracts —Cost of Fulfilling a Contract</i> Amendments to IAS 37	May 2020	1 January 2022	IAS 37	
<i>Property, Plant and Equipment: Proceeds before Intended Use</i> Amendments to IAS 16	May 2020	1 January 2022	IAS 16	

continued...

¹ In July 2020, the effective date of this amendment was deferred to 1 January 2023.

...continued

New amendments issued at 1 January 2021				
Amendment	When issued	Effective date (early application is possible unless otherwise noted)	Standards amended	Standards/ Interpretations withdrawn
<i>Extension of the Temporary Exemption from Applying IFRS 9</i> Amendments to IFRS 4	June 2020	25 June 2022	IFRS 4	
<i>Amendments to IFRS 17</i>	June 2020	1 January 2023	IFRS 3, IFRS 7, IFRS 9, IFRS 17; IAS 1, IAS 32, IAS 36, IAS 38	
<i>Classification of Liabilities as Current or Non-current—Deferral of Effective Date</i> Amendment to IAS 1	July 2020	1 January 2023	IAS 1	
<i>Interest Rate Benchmark Reform—Phase 2</i> Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	August 2020	1 January 2021	IFRS 4, IFRS 7, IFRS 9, IFRS 16; IAS 39	

The Glossary has been revised. Minor editorial corrections to Standards (including necessary updating) have been made; a list of all such corrections is available at www.ifrs.org.

New and revised Standards are available to eIFRS subscribers at eifrs.ifrs.org.

The summaries that follow further explain the amendments listed in the table *New amendments issued at 1 January 2021*.

Amendments to Standards

Classification of Liabilities as Current and Non-current and Classification of Liabilities as Current and Non-current—Deferral of Effective Date

Classification of Liabilities as Current or Non-current clarifies a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

Classification of Liabilities as Current or Non-current – Deferral of Effective Date was issued in July 2020 and deferred the mandatory effective date of amendments to IAS 1 *Classification of Liabilities as Current or Non-current* to annual reporting periods beginning on or after 1 January 2023.

Annual Improvements to IFRS Standards 2018-2020

Annual Improvements to IFRS Standards 2018-2020 contains the following amendments.

Standard	Subject of amendment
IFRS 1	Subsidiary as a First-time Adopter
IFRS 9	Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
Illustrative Examples accompanying IFRS 16	Lease Incentives
IAS 41	Taxation in Fair Value Measurements

Covid-19-Related Rent Concessions

Covid-19-Related Rent Concessions, which amends IFRS 16, is effective from 1 June 2020 with earlier application permitted. The amendment permits lessees, as a practical expedient, not to assess whether rent concessions that occur as a direct consequence of the covid-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications.

Reference to the Conceptual Framework

Reference to the Conceptual Framework updates a reference to the *Conceptual Framework* in IFRS 3 and makes further amendments to IFRS 3 to avoid unintended consequences of updating the reference.

Onerous Contracts—Cost of Fulfilling a Contract

Onerous Contracts – Cost of Fulfilling a Contract amends IAS 37. The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Property, Plant and Equipment: Proceeds before Intended Use

Property, Plant and Equipment: Proceeds before Intended Use amends IAS 16. The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss.

Extension of the Temporary Exemption from Applying IFRS 9

Extension of the Temporary Exemption from Applying IFRS 9, which amends IFRS 4, extends the temporary exemption from applying IFRS 9 by two years. It will expire for annual reporting periods beginning on or after 1 January 2023.

Amendments to IFRS 17

After the Board issued IFRS 17 in May 2017, it has been carrying out activities to support entities and monitor their progress in implementing the Standard. These activities helped the Board to understand the concerns and challenges that some entities identified while implementing the Standard. The Board considered these concerns and challenges and decided to amend IFRS 17. The objective of the amendments is to assist entities implementing the Standard, while not unduly disrupting implementation or diminishing the usefulness of the information provided by applying IFRS 17.

IFRS 17, as amended in June 2020, is effective for annual reporting periods beginning on or after 1 January 2023.

Interest Rate Benchmark Reform—Phase 2

Interest Rate Benchmark Reform—Phase 2 (Phase 2 amendments) was issued in August 2020 and amends IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The Phase 2 amendments address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The objectives of the Phase 2 amendments are to:

- support companies in applying IFRS Standards when changes are made to contractual cash flows or hedging relationships because of the reform; and
- assist companies in providing useful information to users of financial statements.