

Changes in this edition

This section is a brief guide to the changes incorporated in this 2022 edition since the publication of *The Annotated IFRS® Standards – Required 1 January 2021*.

Basis of preparation

This edition contains only IFRS Standards issued by the International Accounting Standards Board (IASB) as at 31 December 2021 that are required for accounting periods beginning on or after 1 January 2022 (that is, all Standards with an effective date on or before 1 January 2022).

Standards and amendments to Standards issued by 31 December 2021 with an effective date after 1 January 2022 are excluded from this edition; they will be reproduced in *IFRS® Standards – Issued at 1 January 2022* and in *The Annotated IFRS® Standards – Standards issued at 1 January 2022*.

The IFRS Standards in this edition have been annotated with extensive cross-references, explanatory notes and IFRS Interpretations Committee (Committee) agenda decisions to help users apply the Standards.

New in this edition

The documents and amendments in this edition are effective from 1 January 2022 and include:

- a revised version of the IFRS Foundation *Constitution*;
- amendments to four Standards, issued in *Property, Plant and Equipment: Proceeds before Intended Use*, *Onerous Contracts – Cost of Fulfilling a Contract*, *References to the Conceptual Framework* and *Covid-19-Related Rent Concessions beyond 30 June 2021*; and
- amendments to three Standards issued in *Annual Improvements to IFRS Standards 2018-2020*.

The table and subsequent summaries provide further details about the documents and amendments.

Table—New requirements effective from 1 January 2022				
Standard/ amendment	When issued	Effective date (early application is possible unless otherwise noted)	Standards/ Interpretations amended	Standard withdrawn
<i>Annual Improvements to IFRS Standards 2018–2020</i> Amendments to IFRS 1, IFRS 9 and IAS 41	May 2020	1 January 2022	IFRS 1, IFRS 9, IAS 41	
<i>Property, Plant and Equipment: Proceeds before Intended Use</i> Amendment to IAS 16	May 2020	1 January 2022	IAS 16	
<i>Onerous Contracts—Cost of Fulfilling a Contract</i> Amendments to IAS 37	May 2020	1 January 2022	IAS 37	
<i>Reference to the Conceptual Framework</i> Amendments to IFRS 3	May 2020	1 January 2022	IFRS 3	
<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> Amendments to IFRS 16	March 2021	1 January 2022	IFRS 16	

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

Relevant agenda decisions published since 1 January 2021 have been added as annotations to IAS 1, IAS 2, IAS 10, IAS 19, IAS 32, IAS 38, IFRS 9 and IFRS 16.

New and revised Standards, IFRIC Interpretations and practice statements are available to IFRS Digital subscribers at www.ifrs.org.

This section summarises changes and amendments in this edition.

IFRS Foundation Constitution

To create the necessary institutional arrangements to establish the International Sustainability Standards Board (ISSB), the IFRS Foundation Trustees revised the IFRS Foundation Constitution in October 2021.

Amendments to Standards

Annual Improvements to IFRS Standards 2018–2020

Annual Improvements to IFRS Standards 2018–2020 contains these amendments.

Standard	Subject of amendment
IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>	Subsidiary as a First-time Adopter
IFRS 9 <i>Financial Instruments</i>	Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
IAS 41 <i>Agriculture</i>	Taxation in Fair Value Measurements

Property, Plant and Equipment: Proceeds before Intended Use

Property, Plant and Equipment: Proceeds before Intended Use amends IAS 16 *Property, Plant and Equipment*. 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.

Onerous Contracts—Cost of Fulfilling a Contract

Onerous Contracts—Cost of Fulfilling a Contract amends IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. 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.

Reference to the Conceptual Framework

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

Covid-19-Related Rent Concessions beyond 30 June 2021

Covid-19-Related Rent Concessions beyond 30 June 2021 amended IFRS 16 to extend by one year the application period of the practical expedient in paragraph 46A to help lessees accounting for Covid-19-related rent concessions.

Disclosure of the possible effect of issued Standards that are not yet required

This edition does not include Standards that have an effective date later than 1 January 2022.

These Standards are relevant, however, even if an entity does not intend to adopt a requirement early. Paragraph 30 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* requires an entity to disclose ‘information relevant to assessing the possible impact that application of the new IFRS [Standard] will have on the entity’s financial statements in the period of initial application’.

The table shows amendments and Standards that have an effective date after 1 January 2022.

Table—Standards and amendments issued, but not effective, as at 1 January 2022				
Standard/ amendment	When issued	Effective date (early application is possible unless otherwise noted)	Standards/ Interpretations amended	Standard withdrawn
<i>Sale or Contribution of Assets</i> Amendments to IFRS 10 and IAS 28	September 2014	Postponed indefinitely	IFRS 10; IAS 28	
IFRS 17 <i>Insurance Contracts</i> ^(a)	May 2017	1 January 2023	IFRS 1, IFRS 3, IFRS 3 (as amended by IFRS 16), IFRS 5, IFRS 7, IFRS 7 (as amended by IFRS 16), IFRS 9, IFRS 15; IAS 1, IAS 7, IAS 16, IAS 19, IAS 28, IAS 32, IAS 36, IAS 37, IAS 38, IAS 40; SIC 27	IFRS 4
<i>Classification of Liabilities as Current or Non-current</i> ^(b) Amendments to IAS 1	January 2020	1 January 2023	IAS 1	
<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	

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Table—Standards and amendments issued, but not effective, as at 1 January 2022				
Standard/ amendment	When issued	Effective date (early application is possible unless otherwise noted)	Standards/ Interpretations amended	Standard withdrawn
<i>Disclosure of Accounting Policies</i> Amendments to IAS 1 and IFRS Practice Statement 2	February 2021	1 January 2023	IAS 1	
<i>Definition of Accounting Estimates</i> Amendments to IAS 8	February 2021	1 January 2023	IAS 8	
<i>Deferred Tax relating to Assets and Liabilities arising from a Single Transaction</i> Amendments to IAS 12	May 2021	1 January 2023	IAS 12, IFRS 1	
(a) Amendments to this Standard were issued in June 2020.				
(b) In July 2020, the effective date of this amendment was deferred to 1 January 2023.				

This section summarises changes to be introduced by the documents listed in the table 'Standards issued, but not effective, as at 1 January 2022'.

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, which amends 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). In December 2015 the IASB deferred the effective date of this amendment indefinitely.

IFRS 17 Insurance Contracts and Amendments to IFRS 17

IFRS 17 *Insurance Contracts* applies to: insurance contracts, including reinsurance contracts, issued by an entity with specified exceptions; reinsurance contracts held by an entity; and investment contracts with discretionary participation features issued by an entity that issues insurance contracts. An insurance contract is defined as 'a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder'.

In the statement of financial position, an entity is required to measure profitable insurance contracts at the risk-adjusted present value of the future cash flows plus unearned profit for services to be provided under the contract.

IFRS 17 requires an entity to recognise profit from a group of insurance contracts over the period the entity provides services, and as the entity is released from risk. If a group of contracts is or becomes loss-making, the entity is required to recognise the loss immediately.

The Standard also requires insurance revenue, insurance service expenses, and insurance finance income or expenses to be presented separately.

Since the IASB 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 IASB to understand the concerns and challenges that some entities identified while implementing the Standard. The IASB 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.

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 *Presentation of Financial Statements* 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.

Disclosure of Accounting Policies

Disclosure of Accounting Policies amends IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements*. The amendments replace the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

Definition of Accounting Estimates

Definition of Accounting Estimates amends IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments introduced the definition of accounting estimates and included other amendments to help entities distinguish changes in accounting estimates from changes in accounting policies.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Deferred Tax related to Assets and Liabilities arising from a Single Transaction amends IAS 12 *Income Taxes*. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments apply to transactions such as leases and decommissioning obligations.