Changes in this edition

This section is a brief guide to the changes since the 2016 edition that are incorporated in this edition of the Bound Volume of *IFRS Standards* (the Blue Book).

Introduction

The text of this collection of IFRS Standards includes the consolidated Standards as approved by the International Accounting Standards Board (the Board) for issue up to 31 December 2016 and as required to be applied for annual periods beginning on 1 January 2017.

This volume does not contain those Standards or changes to Standards with an effective date after 1 January 2017. Readers seeking the consolidated text of Standards issued at 1 January 2017 (including Standards with an effective date after 1 January 2017) should refer to the 2017 *IFRS Standards* (the Red Book), which is being issued in the first quarter of 2017.

New requirements introduced since 1 January 2016

The following table provides the publication and effective dates of amendments to Standards consolidated in this edition. No Standards have been withdrawn.

Standard/Interpretation/ Amendment issued	**When issued**	**Effective date** (early application is possible)	**Standards/ Interpretation amended**
Disclosure Initiative (Amendments to IAS 7)	January 2016	1 January 2017	IAS 7, IAS 1
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	January 2016	1 January 2017	IAS 12
Annual Improvements to IFRS Standards 2014–2016 Cycle (includes Amendments to IFRS 12)	December 2016	1 January 2017	IFRS 12

New and revised Standards and Interpretations are available to eIFRS subscribers at: http://eifrs.ifrs.org/eifrs/PDFArchive?categoryId=71.

The narrative below further explains the amendments listed in the table.

Amendments to Standards

Disclosure Initiative (Amendments to IAS 7)

The amendments to IAS 7 *Statement of Cash Flows* respond to investors' requests for improved disclosures about changes in an entity's liabilities arising from financing activities. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

IAS 12 *Income Taxes* provides requirements on the recognition and measurement of current or deferred tax liabilities or assets. These amendments clarify the requirements on recognition of deferred tax assets for unrealised losses.

Annual Improvements to IFRS Standards 2014–2016 Cycle

The *Annual Improvements to IFRS Standards 2014–2016 Cycle* includes amendments that address the scope of IFRS 12. The amendments clarify that, except for the requirements to disclose summarised financial information, the requirements of IFRS 12 apply to interests in other entities within the scope of IFRS 5. Other amendments in the *Annual Improvements to IFRS Standards 2014–2016 Cycle* are not included in this volume because they become effective later than January 2017.

Other material that has changed

Effective Date of Amendments to IFRS 10 and IAS 28.

In December 2015, the International Accounting Standards Board (the Board) deferred indefinitely the amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets to an Associate or a Joint Venture*. The effect of this deferral is reflected in this edition.

The 'Glossary' has been revised.

Minor editorial corrections to Standards (including necessary updating) have been made; a list of these is available at: http://www.ifrs.org/IFRSs/Pages/International-Accounting-Standards-Board-IASB-Editorial-Corrections.aspx

The IFRS Foundation *Constitution* and the IFRS Foundation *Due Process Handbook* have not been reproduced. In earlier editions they were reproduced in Part B. They can be accessed at:

- http://go.ifrs.org/IFRS-Foundation-Constitution
- http://go.ifrs.org/DPOC.

The 'Standards and Interpretations chart' has not been reproduced in Part B. This detail is now included in the following section.

Expected differences between the 2017 Blue Book and the 2017 Red Book

This edition does not include Standards that have an effective date later than 1 January 2017.

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

The following table lists the new Standards or Interpretations or Amendments to Standards issued or expected to be issued by 1 January 2017 with an effective date after 1 January 2017.

Standard/ Interpretation/ Amendment	**When issued**	**Effective date** (early application is possible unless otherwise noted)	**Standards/ Interpretations amended**	**Standards/ Interpreta-tions withdrawn**
IFRS 9 *Financial Instruments*	July 2014	1 January 2018	IFRS 1, IFRS 2, IFRS 3, IFRS 4, IFRS 5; IFRS 7, IFRS 9 (as issued 2009); IFRS 9 (as issued 2010); IFRS 9 (as issued 2013); IFRS 13; IAS 1, IAS 2; IAS 8, IAS 10, IAS 12, IAS 20, IAS 21, IAS 23, IAS 28, IAS 32, IAS 33, IAS 36, IAS 37, IAS 39; IFRIC 2, 5, 10, 12, 16,19; SIC-27	IFRS 9 (as issued 2009); IFRS 9 (as issued 2010); IFRS 9 (as issued 2013); IFRIC 9

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Standard/ Interpretation/ Amendment	**When issued**	**Effective date** (early application is possible unless otherwise noted)	**Standards/ Interpretations amended**	**Standards/ Interpreta-tions withdrawn**
IFRS 15 *Revenue from Contracts with Customers*, *Effective date of IFRS 15* and *Clarifications to IFRS 15*	May 2014 September 2015 April 2016	1 January 2018	IFRS 1, IFRS 3, IFRS 4, IFRS 9 (as issued 2009); IFRS 9 (as issued 2010); IFRS 9 as issued 2013); IAS 1, IAS 2, IAS 12, IAS 16, IAS 32, IAS 34, IAS 36, IAS 37, IAS 38, IAS 39, IAS 40; SIC-27, SIC-32	IAS 11,18; IFRIC 13, 15, 18; SIC-31
IFRS 16 *Leases*	January 2016	1 January 2019 (can be applied early if IFRS 15 is applied)	IFRS 1, IFRS 3, IFRS 4, IFRS 5, IFRS 7, IFRS 9, IFRS 13, IFRS 15; IAS 1, IAS 2, IAS 7, IAS 12, IAS 16, IAS 21, IAS 23, IAS 32, IAS 37, IAS 38, IAS 39, IAS 40, IAS 41; IFRIC 1, IFRIC 12; SIC-22, SIC-32.	IAS 17, IFRIC 4 SIC-15 SIC-27
Classification and Measurement of Share-based Payment Transactions	June 2016	1 January 2018	IFRS 2	
Transfers of Investment Property	December 2016	1 January 2018	IAS 40	

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Standard/ Interpretation/ Amendment	**When issued**	**Effective date** (early application is possible unless otherwise noted)	**Standards/ Interpretations amended**	**Standards/ Interpreta-tions withdrawn**
Applying IFRS 9 Financial Instruments *with IFRS 4* Insurance Contracts	September 2016	1 January 2018 (some aspects may be applied earlier if IFRS 9 is applied early)	IFRS 4	
Annual Improvements 2014–2016 Cycle (includes Amendments to IFRS 1)	December 2016	1 January 2018	IFRS 1, IFRS 7, IFRS 10; IAS 19	
Annual Improvements 2014–2016 Cycle (includes Amendments to IAS 28)	December 2016	1 January 2018	IAS 28	
IFRIC® Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	December 2016	1 January 2018		

The narrative below further explains the amendments listed in the table.

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. The Board 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 Board divided its project to replace IAS 39 into three main phases. As the Board 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 Board 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; and

(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 15 *Revenue from Contracts with Customers*

IFRS 15 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining *when* to recognise revenue and *how much* revenue to recognise. The core principle in that framework is that an entity should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Standard sets out five steps to follow: identify the contract(s) with a customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contract; and recognise revenue when (or as) the entity satisfies a performance obligation.

In September 2015, the Board changed the effective date from 1 January 2017 to 1 January 2018.

In April 2016, the Board amended IFRS 15 by issuing *Clarifications to IFRS 15 Revenue from Contracts with Customers*. The objective of these targeted amendments was to clarify the Board's intentions when developing some of the requirements in IFRS 15.

IFRS 16 *Leases*

IFRS 16 *Leases* sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward

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

the lessor accounting requirements in IAS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases in different ways.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2) contain requirements on the accounting for:

(a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;

(b) share-based payment transactions with a net settlement feature for withholding tax obligations; and

(c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Applying IFRS 9 Financial Instruments *with IFRS 4* Insurance Contracts (Amendments to IFRS 4)

Applying IFRS 9 Financial Instruments *with IFRS 4* Insurance Contracts (Amendments to IFRS 4) addresses concerns arising from the different effective dates of IFRS 9 and the forthcoming insurance contracts Standard. Those amendments introduce:

(a) a temporary exemption—an optional temporary exemption from IFRS 9 for insurers that meet specified criteria (ie these insurers will be permitted to continue to apply existing financial instrument requirements in IAS 39); and

(b) an overlay approach—an option for insurers to adjust profit or loss for eligible financial assets by removing any additional accounting volatility that may arise from applying IFRS9 before the forthcoming insurance contracts Standard.

Transfers of Investment Property (Amendments to IAS 40)

Transfers of Investment Property (Amendments to IAS 40) clarifies the requirements on transfers to, or from, investment property.

Annual Improvements to IFRS Standards 2014–2016 Cycle

Deletion of short-term exemptions for first-time adopters deletes some short-term exemptions and the related effective-date paragraphs from IFRS 1 because these exemptions are no longer applicable.

Measuring an associate or joint venture at fair value clarifies that entities that may elect to measure investments in joint ventures and associates at fair value through profit or loss make this election separately for each associate or joint venture.

IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration* addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income when advance consideration related to the asset, expense or income is paid or received in a foreign currency.

Please note: these expected amendments are subject to change. Please consult the IFRS work plan for further details: http://www.ifrs.org/Current-Projects/IASB-Projects/Pages/IASB-Work-Plan.aspx

