Changes in this edition

This section is a brief guide to the changes incorporated in this 2020 edition since the publication of *IFRS® Standards—Required at 1 January 2019*.

Basis of preparation

This edition contains only IFRS Standards issued by the International Accounting Standards Board (Board) as at 31 December 2019 that are required for accounting periods beginning on or after 1 January 2020 (that is, all Standards with an effective date on or before 1 January 2020).

Standards and amendments to Standards issued by 31 December 2019 but with an effective date after 1 January 2020 are excluded from this edition; they will be reproduced in *IFRS® Standards—Issued at 1 January 2020* and in *The Annotated IFRS® Standards—Standards issued at 1 January 2020*.

New in this edition

The following pronouncements are effective from 1 January 2020 and included in this edition:

- a revised version of the *Conceptual Framework for Financial Reporting* (*Conceptual Framework*), issued in March 2018 and now applicable;
- a number of references in IFRS Standards to the *Conceptual Framework* have been amended;
- *Definition of a Business*—amendments to IFRS 3 *Business Combinations*;
- *Definition of Material*—amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*; and
- *Interest Rate Benchmark Reform*—amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures*.

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.

The following table provides the publication and effective dates of these pronouncements.

New requirements effective from 1 January 2020				
Standard/ amendment/ *Conceptual Framework*	**When issued**	**Effective date** (early application is possible unless otherwise noted)	**Standards/ Interpretations amended**	**Standard withdrawn**
Conceptual Framework for Financial Reporting	March 2018	See below		
Amendments to References to the Conceptual Framework in IFRS Standards	March 2018	1 January 2020	IFRS 1, IFRS 2, IFRS 3, IFRS 5, IFRS 6, IFRS 8, IFRS 9, IFRS 10, IFRS 12, IFRS 14, IFRS 15, IFRS 16, IFRS 17; IAS 1, IAS 8, IAS 12, IAS 16, IAS 19, IAS 21, IAS 28, IAS 32, IAS 34, IAS 36, IAS 37, IAS 38, IAS 40, IAS 41; IFRIC 5, IFRIC 12, IFRIC 14, IFRIC 17, IFRIC 19, IFRIC 20, IFRIC 22; SIC-29, SIC-32; IFRS Practice Statement 1, IFRS Practice Statement 2	
Definition of a Business (Amendments to IFRS 3)	October 2018	1 January 2020	IFRS 3	
Definition of Material (Amendments to IAS 1 and IAS 8)	October 2018	1 January 2020	IFRS 2, IFRS 4, IFRS 17; IAS 1, IAS 8, IAS 10, IAS 34, IAS 37, *Conceptual Framework for Financial Reporting*; IFRS Practice Statement 2	
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	September 2019	1 January 2020	IFRS 9, IFRS 7; IAS 39	

In March 2018 the Board issued a revised version of its *Conceptual Framework for Financial Reporting*. The Board and the IFRS Interpretations Committee started using the 2018 version of the *Conceptual Framework* immediately. Preparers of financial statements could be directly affected by changes to the *Conceptual Framework* only if they need to use the *Conceptual Framework* to develop an accounting policy when no IFRS Standard applies to a transaction or other event or when a Standard allows a choice of accounting policy. To achieve transition to the 2018 version of the *Conceptual Framework* for such entities the Board issued a separate accompanying document, *Amendments to References to the Conceptual Framework in IFRS Standards*, in March 2018. This document updates references in IFRS Standards relating to previous versions of the *Conceptual Framework* and is effective for annual reporting periods beginning on or after 1 January 2020. Consequently the 2018 version of the *Conceptual Framework for Financial Reporting* is included in this edition of IFRS Standards that are required from 1 January 2020.

New and revised Standards, Interpretations and practice statements are available to eIFRS subscribers at eifrs.ifrs.org.

Further details follow of the pronouncements shown in the table *New requirements effective from 1 January 2020*.

Conceptual Framework

Conceptual Framework for Financial Reporting

The *Conceptual Framework for Financial Reporting* contains updated definitions of an asset and a liability and updated criteria for including assets and liabilities in financial statements. In addition, new concepts and guidance have been added on the following topics:

(a) measurement, including factors to be considered when selecting a measurement basis;

(b) presentation and disclosure, including when to classify income and expenses in other comprehensive income;

(c) the reporting entity; and

(d) when assets and liabilities are removed from financial statements.

The *Conceptual Framework* also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting.

Amendments to Standards

Amendments to References to the Conceptual Framework in IFRS Standards

Some Standards, their accompanying documents and IFRS practice statements contain references to or quotations from the IASC's *Framework for the Preparation and Presentation of Financial Statements* adopted by the Board in 2001 or the *Conceptual Framework for Financial Reporting* issued by the Board in 2010. *Amendments to References to the Conceptual Framework in IFRS Standards* updates some of those references and quotations so that they refer to the

Conceptual Framework for Financial Reporting issued in 2018 and makes other amendments to clarify which version of the *Conceptual Framework* is referred to in each document.

Definition of a Business

Definition of a Business, which amends IFRS 3, clarifies the definition of a business, with the objective of assisting an entity to determine whether a transaction should be accounted for as a business combination or as the acquisition of an asset. The amendments:

(a) clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;

(b) remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;

(c) add guidance and illustrative examples to help an entity to assess whether a substantive process has been acquired;

(d) narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and

(e) add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Definition of Material

Definition of Material amends IAS 1 and IAS 8 and makes consequential amendments to a number of other Standards.

The amendments improve the understanding of the definition of material by:

(a) aligning the wording of the definition in IFRS Standards and the *Conceptual Framework* to avoid the potential for confusion arising from different definitions;

(b) incorporating supporting requirements in IAS 1 into the definition to give them more prominence and clarify their applicability; and

(c) providing existing guidance on the definition of material in one place, together with the definition.

Interest Rate Benchmark Reform

Interest Rate Benchmark Reform amends IFRS 9, IFRS 7 and IAS 39.

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the reform of benchmark interest rates, such as interbank offer rates (IBORs). In addition, the amendments require an entity to provide additional information to investors about its hedging relationships which are directly affected by any such uncertainty.

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

As explained above, this edition does not include Standards that have an effective date later than 1 January 2020.

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 following table shows the new Standards and amendments to Standards that were issued by 1 January 2020 but which have an effective date after 1 January 2020.

Standards issued, but not effective, at 1 January 2020				
Standard/ amendment	**When issued**	**Effective date** (early application is possible unless otherwise noted)	**Standards/ Interpretations amended**	**Standard withdrawn**
Sale or Contribution of Assets (Amendments to IFRS 10 and IAS 28)	September 2014	Postponed indefinitely	IFRS 10; IAS 28	
IFRS 17 *Insurance Contracts*	May 2017	1 January 2021	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

The summaries that follow explain the changes that will be introduced by the documents mentioned in the table *Standards issued, but not effective, at 1 January 2020*.

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 Board deferred the effective date of this amendment indefinitely.

IFRS 17 *Insurance Contracts*

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.