

## Changes in this edition

This section is a brief guide to the changes incorporated in this 2019 edition since the publication of *IFRS® Standards—Issued at 1 January 2018* (Issued IFRS Standards 2018).

### Basis of preparation

This edition contains the Standards issued by the International Accounting Standards Board (Board) as at 31 December 2018. These Standards include changes that are not yet required at 1 January 2019.

Standards and amendments to Standards required for accounting periods beginning on 1 January 2019 (ie all Standards with an effective date on or before 1 January 2019) are included in *IFRS® Standards—Required 1 January 2019* and *The Annotated IFRS® Standards—Required 1 January 2019*.

### New in this edition

The following are the main changes made since 1 January 2018:

- a revised version of the *Conceptual Framework for Financial Reporting* (*Conceptual Framework*) has been issued;
- a number of references in IFRS Standards to the *Conceptual Framework* have been amended, and
- amendments to four Standards—IFRS 3 *Business Combinations*, IAS 1 *Presentation of Financial Statements*, IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and IAS 19 *Employee Benefits*—have been included.

This edition also contains the *Constitution* and *Due Process Handbook* of the IFRS Foundation.

The Glossary has been revised. Minor editorial corrections to Standards (including necessary updating) have been made; a list of all such corrections is available on the IFRS Foundation website (<http://www.ifrs.org>).

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

New Standards issued at 1 January 2019				
Standard/ Amendment/ <i>Conceptual Framework</i>	When issued	Effective date (early application is possible unless otherwise noted)	Standards/ Interpretations amended	Standards/ Interpretations withdrawn
<i>Plan Amendment, Curtailement on Settlement</i>  (Amendments to IAS 19)	February 2018	1 January 2019	IAS 19	-
<i>Conceptual Framework for Financial Reporting</i>	March 2018	See below		

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<b>New Standards issued at 1 January 2019</b>				
<b>Standard/ Amendment/ Conceptual Framework</b>	<b>When issued</b>	<b>Effective date</b> (early application is possible unless otherwise noted)	<b>Standards/ Interpretations amended</b>	<b>Standards/ Interpretations withdrawn</b>
<i>Amendments to References to the Conceptual Framework in IFRS Standards</i>	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	-
<i>Definition of a Business</i>  (Amendments to IFRS 3)	October 2018	1 January 2020	IFRS 3	-
<i>Definition of Material</i>  (Amendments to IAS 1 and IAS 8)	October 2018	1 January 2020	IAS 1, IAS 8, IAS 10, IAS 34, IAS 37; IFRS 2, IFRS 4, IFRS 17; Conceptual Framework for Financial Reporting (2018 and 2010 versions); IFRS Practice Statement 2	-

In March 2018, the Board issued a revised version of its *Conceptual Framework for Financial Reporting (Conceptual Framework)*. It does not have a formal effective date. 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 regarded as being applicable by preparers at the same time as the changes introduced by *Amendments to References to the Conceptual Framework* are effective, that is, not until 1 January 2020.

New and revised Standards are available to eIFRS subscribers at: [eifrs.ifrs.org](http://eifrs.ifrs.org).

The summaries that follow further explain the amendments listed in the table *New Standards issued at 1 January 2019*.

## **Conceptual Framework**

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### **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**

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### **Plan Amendment, Curtailment or Settlement**

*Plan Amendment, Curtailment or Settlement*, which amends IAS 19, specifies how entities determine pension expenses when changes – an amendment, curtailment or settlement – to a defined benefit pension plan occur.

IAS 19 *Employee Benefits* specifies how a company accounts for a defined benefit plan. When a change to a plan takes place, IAS 19 requires a company to remeasure its net defined benefit liability or asset. Until now, IAS 19 did not specify how to determine these expenses for the period after the change to the plan. The amendments require an entity to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan.

Changes in this edition

## ***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 entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. 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 entities 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 will 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.