

IFRSs, IFRICs AND AMENDMENTS  
AVAILABLE FOR EARLY ADOPTION FOR  
31 DECEMBER 2016 YEAR ENDS  
INTERNATIONAL FINANCIAL REPORTING BULLETIN  
2017/05



IFRSs, IFRICs and amendments available for early adoption for 31 December 2016 year ends

In order to comply with paragraph 30 in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* entities need to make disclosures about new IFRSs that have been issued but are not yet effective when they have decided not apply the new IFRSs at their reporting date. Disclosures need to include 'known or reasonably estimable 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'.

To comply with the requirements set out above an entity considers disclosing:

- a) the title of the new IFRS
- b) the nature of the impending change or changes in accounting policy
- c) the date by which application of the IFRS is required
- d) the date as at which it plans to apply the IFRS initially
- e) either:
  - (i) a discussion of the impact that initial application of the IFRS is expected to have on the entity's financial statements
  - (ii) or if that impact is not known or reasonably estimable, a statement to that effect.

Where applicable, the relevant publications have been referenced to each IFRS below. These can be found on the BDO Global website from the following link:

<https://www.bdo.global/en-gb/services/audit-assurance/ifrs>

STATUS

Final

EFFECTIVE DATE

Various

ACCOUNTING IMPACT

May be significant

The list below shows the IFRSs (and amendments to IFRSs) that have been issued but are not mandatory effective as at 31 December 2016

1. IFRS 9 *Financial Instruments*
2. IFRS 15 *Revenue from Contracts with Customers*
3. IFRS 15 *Revenue from Contracts with Customers* (Amendments)
4. IFRS 16 *Leases*
5. IAS 7 *Statement of Cash Flows* (Disclosure Initiative Amendments)
6. IAS 12 *Income Taxes* (Amendment – Recognition of Deferred Tax Assets for Unrealised Losses)
7. IAS 28 *Investments in Associates and Joint Ventures* (Annual Improvements to IFRSs 2014-2016 Cycle)
8. IAS 40 *Investment Property* (Amendment – Transfers of Investment Property)
9. IFRS 1 *First-time Adoption of IFRS* (Annual Improvements to IFRSs 2014-2016 Cycle)
10. IFRS 2 *Share-based Payments* (Amendment – Classification and Measurement of Share-based Payment Transactions)
11. IFRS 4 *Insurance Contracts* (Amendment – Applying IFRS 9 *Financial Instruments*)
12. IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (Amendments – Sale or Contribution of Assets)
13. IFRS 12 *Disclosure of Interests in Other Entities* (Annual Improvements to IFRSs 2014-2016 Cycle)

| IFRS   | Early IFRSs adoptions for 31 December 2016 year ends   | Effective Date   |
|--|--|--|
| <i>IFRS 9 Financial Instruments</i>  |  |  |
| 1. IFRS 9 (2014)<br>Issued: July 2014  | <p data-bbox="321 275 1219 394"><i>IFRS 9 Financial Instruments (2014)</i> is the standard that replaces IAS 39 <i>Financial Instruments: Recognition and Measurement</i>. It incorporates the final requirements on all three phases of the financial instruments project – classification and measurement, impairment and hedge accounting – which were issued between 2009 and 2013. We summarise IFRS 9’s impact under the following headings:</p> <ul data-bbox="321 415 841 569" style="list-style-type: none"> <li>• Classification and measurement of financial assets</li> <li>• Impairment of financial assets</li> <li>• Classification and measurement of financial liabilities</li> <li>• Early adoption of own credit risk requirements</li> <li>• Derecognition of financial assets and liabilities</li> <li>• Hedge accounting.</li> </ul> | <p data-bbox="1219 275 1421 415">Mandatory adoption for periods beginning on or after 1 January 2018. Early adoption permitted.</p> <p data-bbox="1219 436 1421 485">EU endorsement status: Endorsed</p> |
| <p data-bbox="321 583 1421 636">For a more comprehensive discussion on IFRS 9, please refer to the BDO publication <i>IFRS 9 in Practice</i> (click <a href="#">here</a>).</p>   |  |  |
| <i>Classification and measurement of financial assets</i>  |  |  |
| <p data-bbox="321 699 1421 751">IFRS 9 contains four categories for the classification and measurement of financial assets. These are:</p>   |  |  |
| <ul data-bbox="321 770 1421 890" style="list-style-type: none"> <li>• Amortised cost;</li> <li>• Fair Value Through Other Comprehensive Income - FVTOCI;</li> <li>• Fair Value Through Profit or Loss - FVTPL (residual category); and</li> <li>• Fair Value Through Other Comprehensive Income - FVTOCI (optional for some investments in equity instruments).</li> </ul>   |  |  |
| <p data-bbox="321 909 1421 961">IFRS 9 therefore eliminates the Held to Maturity (HTM), Available for Sale (AFS) and Loans and Receivables categories currently in IAS 39.</p>   |  |  |
| <p data-bbox="321 980 1421 1266">IFRS 9 introduces new criteria for the classification and measurement of financial assets to be measured at amortised cost. In order to qualify for amortised cost measurement, a two stage test is applied. Firstly, the entity’s business model must be to collect the contractual cash flows from the asset, rather than generating cash flows by selling the asset to realise its fair value. Secondly, the asset must have contractual cash flows which are comprised solely of payments of principal and interest on the principal amount outstanding (often referred to as ‘solely payments of principal and interest’ or ‘the SPPI test’). Interest is principally the time value of money plus a margin for credit risk, with the 2014 revisions to IFRS 9 adding guidance which notes that interest can contain other elements such as liquidity risk, a profit margin, and servicing / administrative costs. Guidance has also been included to cover circumstances in which the contractual cash flows do not precisely meet the definitions, such as a loan for which the interest rate is reset every three months to the six month rate.</p> |  |  |
| <p data-bbox="321 1285 1421 1404">Financial assets that pass both the business model and SPPI tests are required to be measured at amortised cost (unless the fair value option is available and elected), with all other financial assets being measured at fair value. The business model and SPPI tests are applied to the assets as a whole, with the previous guidance in IAS 39 for embedded derivatives no longer applying to financial assets.</p>   |  |  |
| <p data-bbox="321 1423 1421 1686">The second measurement category is fair value through other comprehensive income (FVTOCI). This measurement category applies to debt instruments that meet the SPPI contractual cash flow characteristics test and where the entity is holding the debt instrument in a business model which is both to collect contractual cash flows and to sell financial assets. For example, an entity with this business model might purchase a government bond with a 10 year maturity, but expect to sell the asset after collecting interest income for only three years. Financial assets in the FVTOCI category are required to be measured on balance sheet at fair value (to reflect the cash flows that would be generated from sale) with amortised cost measurement being applied in the income statement (to reflect the collection of contractual cash flows). The difference is recorded in other comprehensive income, with the cumulative difference being recycled to profit or loss on the disposal of the financial asset.</p>   |  |  |
| <p data-bbox="321 1705 1421 1845">Financial assets that fail the SPPI test, or where the entity’s business model for holding the asset is not to collect contractual cash flows (in whole or in part), must be classified at fair value through profit and loss (FVTPL). In certain circumstances an entity may also be able to designate a debt instrument as at FVTPL. The exception in IAS 39 under which equity instruments are measured at cost where fair value cannot be reliably determined has been eliminated and IFRS 9 requires fair value measurement for all equity investments.</p>   |  |  |
| <p data-bbox="321 1864 1421 1911">The default classification for investments in equity instruments is FVTPL, because an equity instrument does not have contractual cash flows and will therefore always fail the SPPI test.</p>   |  |  |

| IFRS | Early IFRSs adoptions for 31 December 2016 year ends   | Effective Date |
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|      | <p>However, IFRS 9 permits an entity to make an irrevocable election on the initial recognition of an equity investment, on an investment by investment basis, to include changes in fair value in other comprehensive income. This election is not available for investments that are held for trading (that is, held for short term profit taking). The IFRS 9 FVTOCI category for equity investments is not the same as the Available for Sale category in IAS 39 as fair value gains and losses recorded in other comprehensive income are never recycled to profit or loss (including on the disposal of the investment, although the cumulative gain or loss in equity can be transferred to retained earnings by way of a reserves transfer).</p> <p>Hybrid contracts with a financial asset host must be classified in their entirety in accordance with the classification approach summarised above. This eliminates the existing IAS 39 requirement to account embedded derivatives separately from the host contract. The embedded derivative requirements under IAS 39, though, are carried forward to IFRS 9 and continue to apply where the host contract is a non-financial asset (such as a sales contract) or a financial liability.</p> <p>Subsequent reclassification of financial assets between the amortised cost and fair value categories is prohibited, unless an entity changes its business model for managing its financial assets, in which case reclassification is required. However, the guidance is restrictive and such changes are expected to be very infrequent. IFRS 9 states explicitly that the following are not changes in business model:</p> <ul style="list-style-type: none"> <li>• a change in intention relating to particular financial assets (even in circumstances of significant changes in market conditions);</li> <li>• a temporary disappearance of a particular market for financial assets; and</li> <li>• a transfer of financial assets between parts of the entity with different business models.</li> </ul> |                |
|      | <p><i>Impairment of financial assets</i></p> <p>In a major change, which will affect all entities, a new 'expected loss' impairment model in IFRS 9 replaces IAS 39's 'incurred loss' model. IFRS 9's impairment model is a more forward looking model in that a credit event (or impairment 'trigger') no longer has to occur before credit losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income (FVTOCI), an entity will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.</p> <p>For short term trade receivables a simplified approach applies, with lifetime expected losses always being recorded. Although this will not affect the amount of the provision, it eliminates the need to assess balances for changes in credit risk together with a number of disclosure requirements that would otherwise apply. Expected credit losses for trade receivables can be calculated using a provision matrix based on historical loss patterns, with adjustments being made to take into account current and forward looking information.</p> <p>The new impairment requirements are likely to bring significant changes. Although provisions for trade receivables may be relatively straightforward to calculate, new systems and approaches will be needed. In particular, it will be necessary to obtain relevant forward looking information and incorporate its effects into the calculation of the loss provision. However, for financial institutions the changes are likely to be very significant and require significant changes to internal systems and processes in order to capture the required information.</p>  |                |
|      | <p><i>Classification and measurement of financial liabilities</i></p> <p>The classification and measurement requirements for financial liabilities have been carried forward from IAS 39 largely unchanged, including a continuation of the requirement to separate embedded derivatives that are not closely related to the host contract.</p> <p>However a significant change is that if a financial liability is designated (under the option also available in IFRS 9) as at FVTPL, changes in the fair value of that financial liability attributable to changes in the entity's own credit risk are recorded in other comprehensive income instead of profit or loss. This change has been made to prevent a deterioration in an entity's financial position (and hence credit status) resulting in gains being reported in the income statement. As an exception to this rule, where this would create an accounting mismatch (because there is a matching asset position also measured at FVTPL), an irrevocable decision can be taken to recognise the entire change in fair value of the financial liability in profit or loss.</p> <p>The other changes made to the accounting requirements for financial liabilities are:</p> <ul style="list-style-type: none"> <li>• Guidance has been added to assist in differentiating between credit risk and asset specific performance risk.</li> <li>• The limited exception from fair valuing certain derivative liabilities in IAS 39 (specifically those which are linked to, and must be settled by delivery of, unquoted equity instruments) has been eliminated. IFRS 9 therefore requires fair value measurement for all derivative liabilities.</li> </ul>  |                |
|      | <p>A number of related disclosure requirements have been added to IFRS 7 <i>Financial Instruments: Disclosures</i>.</p>  |                |

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|         | <p><i>Early adoption of the 'own credit' requirements for financial liabilities designated at FVTPL</i></p> <p>IFRS 9 contains an option to early adopt the 'own credit' provisions (see above) without adopting any of the other requirements of IFRS 9. This option will remain available until periods beginning on or after 1 January 2018.</p> <p><i>Derecognition of financial assets and financial liabilities</i></p> <p>The existing guidance on derecognition of financial assets and financial liabilities has been carried forward from IAS 39 unchanged. Some improvements to disclosure requirements being added to IFRS 7 <i>Financial Instruments: Disclosures</i>.</p> <p><i>Hedge accounting</i></p> <p>The new hedge accounting requirements are more principles-based, less complex, and provide a better link to risk management and treasury operations than the requirements in IAS 39. The IFRS 9 model allows entities to apply hedge accounting more broadly to manage profit or loss mismatches, and as a result reduce 'artificial' hedge ineffectiveness that can arise under IAS 39.</p> <p>Key changes introduced by the new model include:</p> <ul style="list-style-type: none"> <li>• Simplified effectiveness testing, including removal of the 80-125% highly effective threshold;</li> <li>• More items will now qualify for hedge accounting, e.g. pricing components within a non-financial item, and net foreign exchange cash positions;</li> <li>• Entities can hedge account more effectively the exposures that give rise to two risk positions (e.g. interest rate risk and foreign exchange risk, or commodity risk and foreign exchange risk) that are managed by separate derivatives over different periods;</li> <li>• Less profit or loss volatility when using options, forwards, and foreign currency swaps; and</li> <li>• New alternatives available for economic hedges of credit risk and 'own use' contracts which will reduce profit or loss volatility.</li> </ul> <p>For those entities that have previously applied hedge accounting, there is an option to continue with the approach required by IAS 39. Although this might not initially appear to be an attractive option, some entities have internal systems that are designed for an IAS 39 approach and therefore may wish to continue to apply it. However, it is an all or nothing choice - the IAS 39 model would have to apply not only to existing hedge relationships, but also new ones entered into after IFRS 9 becomes effective.</p> |  |
| IFRS 15 | <p><i>Revenue from Contracts with Customers</i></p> <p>2. IFRS 15</p> <p>Issued: May 2014</p> <p>IFRS 15 <i>Revenue from Contracts with Customers</i> supersedes IAS 18 <i>Revenue</i>, IAS 11 <i>Construction Contracts</i> and related Interpretations (IFRIC 13 <i>Customer Loyalty Programmes</i>, IFRIC 15 <i>Agreements for the Construction of Real Estate</i>, IFRIC 18 <i>Transfers of Assets from Customers</i> and SIC 31 <i>Revenue - Barter Transactions Involving Advertising Services</i>).</p> <p>The objective of IFRS 15 is to clarify the principles of revenue recognition. This includes removing inconsistencies and perceived weaknesses and improving the comparability of revenue recognition practices across companies, industries and capital markets. In doing so IFRS 15 establishes a single revenue recognition framework. The core principle of the framework is, that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To accomplish this, IFRS 15 requires the application of the following five steps:</p> <ol style="list-style-type: none"> <li>1. Identify the contract</li> <li>2. Identify the performance obligation(s)</li> <li>3. Determine the transaction price</li> <li>4. Allocate the transaction price to each performance obligation</li> <li>5. Recognise revenue when, or as, each performance obligation is satisfied.</li> </ol> <p>IFRS 15 also includes specific guidance related to several additional topics. Some of the key areas are:</p> <ul style="list-style-type: none"> <li>• Contract costs</li> <li>• Sale with a right of return</li> <li>• Warranties</li> <li>• Principal vs. agent considerations</li> <li>• Customer options for additional goods and services</li> <li>• Customers unexercised rights</li> <li>• Non-refundable upfront fees (and some related costs)</li> <li>• Licensing / Repurchase agreements</li> </ul>  | <p>Mandatory adoption for periods beginning on or after 1 January 2018. Early adoption permitted.</p> <p>EU endorsement status: Endorsement expected in the 2nd quarter of 2016.</p> |

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|---|---|---|
|   | <ul style="list-style-type: none"> <li>• Consignment arrangements</li> <li>• Bill-and-hold arrangements</li> <li>• Customer acceptance.</li> </ul>  |   |
|   | <p>The guidance also significantly enhances the required qualitative and quantitative disclosures related to revenue. The main objective of the requirements is the disclosure of sufficient information in terms of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. In order to meet this objective, IFRS 15 requires specific disclosures for contracts with customers and associated significant judgements.</p>   |   |
|   | <p>For more information see <i>BDO IFR Bulletin</i> 2014/08 (click <a href="#">here</a>), 2014/21 (click <a href="#">here</a>) and 2015/13 (click <a href="#">here</a>).</p>  |   |
| <p>3. IFRS 15 Amendments<br/>Issued: April 2016</p> | <p>In September 2015 the IASB issued an amendment to IFRS 15 to defer its effective date by one year to 1 January 2018 (it was originally issued with an effective date of periods beginning on or after 1 January 2017). Further, in April 2016 the IASB issued the following clarifications to the standard:</p> <ul style="list-style-type: none"> <li>– Identification of performance obligations</li> <li>– Principal vs. agent considerations</li> <li>– Licensing agreements</li> <li>– Transitional relief</li> </ul>   | <p>Mandatory adoption for periods beginning on or after 1 January 2018. Early adoption permitted.</p>   |
|   | <p>Although IFRS 15 when originally issued in May 2014 was converged with the new US GAAP standard on revenue (Topic 606), as a result of these clarifications and clarifications issued by the US's Financial Accounting Standards Board (FASB), the standards are no longer fully converged. For more information see <i>BDO IFR Bulletin</i> 2016/06 (click <a href="#">here</a>) and <i>BDO Need to Know - IFRS v US GAAP Differences</i> (click <a href="#">here</a>).</p>   | <p>EU endorsement status: Endorsement expected in the 1<sup>st</sup> half of 2017.</p>  |
| <p>IAS 16 Leases</p>                                | <p>4. IFRS 16<br/>Issued: January 2016</p> <p>IFRS 16 supersedes IAS 17 <i>Leases</i>, IFRIC 4 <i>Determining whether an Arrangement contains a Lease</i>, SIC-15 <i>Operating Leases - Incentives</i> and SIC-27 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>.</p>  | <p>Mandatory adoption for periods beginning on or after 1 January 2019. Early adoption permitted, but only if IFRS 15 <i>Revenue from Contracts with Customers</i> has also been adopted.</p> |
|   | <p>The major changes are for lessees, with IFRS 16 setting out a single model for which eliminates the distinction between operating and finance leases, and results in the statement of financial position reflecting a 'right of use' asset and a corresponding liability for most lease contracts. The asset is subsequently accounted for as property, plant and equipment or investment property and the liability is unwound using the interest rate implicit in the lease. However, entities have an option not to bring onto the statement of financial position short term leases (i.e. those for periods of 12 months or less including the effect of extension options) and leases of low value items.</p> | <p>EU endorsement status: Expected in 2017.</p>   |
|   | <p>As a result, a key question changes from whether a lease is an operating or a finance lease under current guidance, to whether an arrangement gives rise to something that meets the definition of a lease. The scope of IFRS 16 is wide, and some arrangements involving the use of assets that might be viewed as service contracts (which are executory and not recorded on the statement of financial position) may in fact result in a lease within the scope of IFRS 16. Significant changes to systems and processes may be required in order to comply with the new requirements.</p>  |   |
|   | <p>For many entities the effect of bringing all leases onto the statement of financial position will be very significant and will require careful planning, including for commercial effects (such as compliance with bank covenants, performance based remuneration and business combinations).</p>  |   |
|   | <p>In the income statement, the application of IFRS 16 will result in a depreciation charge (within operating expenses) and an interest expense. Assuming depreciation is charged on a straight line basis, the total expense will be higher in the first part of a lease in comparison with later periods, because the lease liability and related interest expense will be higher. Under US GAAP, for leases which meet the existing definition of an operating lease, a single charge will be included within operating results. The depreciation charge will be adjusted in each period so that the total expense is the same throughout the lease period.</p>  |   |
|   | <p>Consistent with the differences in the income statement presentation, in the cash flow statement under IFRS the cash flows will be split into principal repayments and interest.</p>   |   |
|   | <p>For more information on IFRS 16 see <i>BDO IFR Bulletin</i> 2016/01 (click <a href="#">here</a>) and <i>IFRS 16 Leases: Need to Know</i> (click <a href="#">here</a>).</p>   |   |

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| <i>IAS 7 Statement of Cash Flows</i>                       |  |  |
| 5. Amendment to IAS 7                                      | <p><i>Amendment to IAS 7 - Disclosure Initiative</i></p> <p>These amendments aim to improve disclosures about an entity's debt. Disclosures are required to 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. One way to provide this disclosure would be to provide a reconciliation of the opening and closing carrying amounts for each item for which cash flows have been or would be classified as financial activities. The reconciliation would include:</p> <ul style="list-style-type: none"> <li>• Opening balance</li> <li>• Movements in the period including: <ul style="list-style-type: none"> <li>– Changes from financing cash flows</li> <li>– Changes arising from obtaining or losing control of subsidiaries or other businesses,</li> <li>– Other non-cash exchanges (e.g. changes in foreign exchange rates, new finance leases and changes in fair value);</li> </ul> </li> <li>• Closing balance.</li> </ul>   | <p>Mandatory adoption for periods beginning on or after 1 January 2017.</p> <p>Early adoption permitted.</p> <p>EU endorsement status: Endorsed</p>          |
| <i>IAS 12 Income Taxes</i>                                 |  |  |
| 6. Amendment to IAS 12                                     | <p><i>Amendment to IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses</i></p> <p>The amendment to IAS 12 clarifies the accounting for deferred tax assets related to debt instruments measured at fair value but are not deemed to be impaired (for example, an investment in a fixed rate bond where the fair value has declined due to changes in interest rates, but the asset is not considered to have become impaired in value). Deductible temporary differences arise from unrealised losses on debt instruments measured at fair value. This is regardless of whether the instrument is recovered through sale, or by holding it to maturity. Therefore, entities are required to recognise deferred taxes for temporary differences from unrealised losses of debt instruments measured at fair value if all other recognition criteria for deferred taxes are met.</p>   | <p>Mandatory adoption for periods beginning on or after 1 January 2017.</p> <p>Early adoption permitted.</p> <p>EU endorsement status: Endorsed</p>          |
| <i>IAS 28 Investments in Associates and Joint Ventures</i> |  |  |
| 7. Amendment to IAS 28                                     | <p><i>Amendment to IAS 12 - Annual Improvements 2014-2016 Cycle</i></p> <p>IAS 28 permits an investment in an associate or joint venture to be measured at fair value through profit or loss, instead of the equity method being applied, if the investment is held directly or indirectly through a venture capital organisation, unit trust or similar entities. IAS 28 was amended to specify that a qualifying entity may elect to measure investments in associates and joint ventures at fair value through profit or loss on an investment-by-investment basis, upon initial recognition.</p> <p>For more information see IFRB 2016/17 (click <a href="#">here</a>).</p>  | <p>Mandatory adoption for periods beginning on or after 1 January 2018.</p> <p>Early adoption permitted</p> <p>EU endorsement status: To be determined.</p>  |
| <i>IAS 40 Investment Property</i>                          |  |  |
| 8. Amendment to IAS 40                                     | <p><i>Amendment to IAS 40 Investment Property - Transfers of Investment Property</i></p> <p>This amendment clarifies that a transfer of a property to, or from, investment property is made when, and only when, there is change in use. It also clarifies that the transfers included in IAS 40.57 are examples of evidence that may support a change in use and not the only possible circumstances in which there is a change in use. These examples are:</p> <ul style="list-style-type: none"> <li>• commencement of owner-occupation, or of development with a view to owner-occupation, for a transfer from investment property to owner-occupied property;</li> <li>• commencement of development with a view to sale, for a transfer from investment property to inventories;</li> <li>• end of owner-occupation, for a transfer from owner-occupied property to investment property; and</li> <li>• commencement inception of an operating lease to another party, for a transfer from inventories to investment property.</li> </ul> <p>For more information see IFRB 2016/17 (click <a href="#">here</a>).</p> | <p>Mandatory adoption for periods beginning on or after 1 January 2018.</p> <p>Early adoption permitted.</p> <p>EU endorsement status: To be determined.</p> |




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|--|---|--|
| <b>IFRS 1 <i>First-time Adoption of IFRS</i></b>   |   |  |
| 9. Amendment to IFRS 1   | <i>Amendment to IFRS 1 - Annual Improvements to IFRSs 2014-2016 Cycle</i>   | Mandatory adoption for periods beginning on or after 1 January 2018. Early adoption permitted. |
| Issued: December 2016  | A number of short-term exemptions in IFRS 1 <i>First Time Adoption of International Financial Reporting Standards</i> were deleted. The relief provided by these exemptions were no longer applicable.<br><br>For more information see IFRB 2016/17 (click <a href="#">here</a> ).  | EU endorsement status: To be determined.   |
| <b>IFRS 2 <i>Share-based Payments</i></b>  |   |  |
| 10. Amendment to IFRS 2  | <i>Amendment to IFRS 2 - Classification and Measurement of Share-based Payment Transactions</i>   | Mandatory adoption for periods beginning on or after 1 January 2018. Early adoption permitted. |
| Issued: June 2016  | These amendments address the classification and measurement of share-based payment transactions for a number of situations where existing guidance is not clear. The following is a summary of the clarifications and additional guidance: <ul style="list-style-type: none"> <li>The effects of vesting and non-vesting conditions on the measurement of a cash-settled share-based payment transaction are accounted for in accordance with the guidance for equity-settled share-based payments.</li> <li>Share-based payment transactions with certain net settlement features are classified as equity-settled if they would have been classified as equity settled without the net settlement feature. This applies to certain arrangements where an employer is required to withhold an amount for an employee's tax obligation related to a share-based payment, and pays the tax authority in cash.</li> <li>Accounting for a modification that changes the classification of a share-based payment agreement from cash-settled to equity-settled has been clarified with regard to the measurement of, and accounting for, the replacement equity-settled share-based payment, derecognition of the liability, and accounting for any difference between the carrying amount of the liability and the amount recognised for the equity-settled award (these amounts will reflect the extent to which goods and services have been received at the date of modification).</li> </ul> | EU endorsement status: Expected second half of 2017  |
| <b>IFRS 4 <i>Insurance Contracts</i></b>   |   |  |
| 11. Amendment to IFRS 4  | <i>Amendment to IFRS 4 - Applying IFRS 9 Financial Instruments</i>  | Mandatory adoption for periods beginning on or after 1 January 2018. Early adoption permitted. |
| Issued: September 2016   | During 2016 the IASB advanced its project to replace IFRS 4 with a new insurance standard. The IASB amended IFRS 4 to address concerns raised related to IFRS 9 and the new insurance standard having different effective dates. These concerns relate mainly to the potential for insurers to produce financial statements that contain two very significant changes in accounting in a short period of time, and volatility that might arise in financial statements during the period between the effective date of IFRS 9 and the new insurance standard, due to changes in measurement requirements.<br><br>The amendments permit either the deferral of the adoption of IFRS 9 for entities whose predominant activity is issuing insurance contracts or an approach which moves the additional volatility created by having non-aligned effective dates from profit or loss to other comprehensive income.<br><br>Note that the new insurance standard, IFRS 17 is expected to be issued in May 2017 and have an effective date of periods beginning on or after 1 January 2021.<br><br>For more information see IFRB 2016/11 (click <a href="#">here</a> ).   | EU endorsement status: Expected 2017.  |
| <b>IFRS 10 <i>Consolidated Financial Statements and IAS 28 <i>Investments in Associates and Joint Ventures</i></i></b> |   |  |
| 12. Amendments to IFRS 10 and IAS 28   | The amendments clarify the accounting for transactions where a parent loses control of a subsidiary, that does not constitute a business as defined in IFRS 3 <i>Business Combinations</i> , by selling all or part of its interest in that subsidiary to an associate or a joint venture that is accounted for using the equity method.  | Mandatory effective date deferred indefinitely.  |
| Issued: September 2014   | For the interest in the former subsidiary that has been sold to the associate or joint venture, the gain recognised is restricted to the amount that is attributable to the unrelated investors' interests in the associate or joint venture.<br><br>Any directly held retained interest in the former subsidiary is first remeasured to fair value. Gains and losses from the remeasurement are then recognised as follows:  | EU endorsement status: endorsement postponed until mandatory effective date is confirmed.      |



| IFRS | Early IFRSs adoptions for 31 December 2016 year ends  | Effective Date |
|------|---|----------------|
|      | <ul style="list-style-type: none"> <li>The retained interest is accounted for as an associate or joint venture using the equity method: The parent recognises the gain or loss in profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The remainder is eliminated against the carrying amount of the investment in the associate or joint venture</li> <li>The retained interest is accounted for at fair value in accordance with IFRS 9 <i>Financial Instruments</i>: The parent recognises the gain or loss in full in profit or loss.</li> </ul> <p>Although available for early adoption in December 2015 the IASB postponed the mandatory effective date of this amendment indefinitely pending the outcome of its research pipeline project on the equity method of accounting.</p> <p>For more information see BDO <i>IFR Bulletin</i> 2014/16 (click <a href="#">here</a>).</p> |                |

IFRS 12 *Disclosure of Interests in Other Entities*

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| 13. Amendment to IFRS 12<br><br>Issued:<br>December 2016 | <i>Amendment to IFRS 12 - Annual Improvements to IFRSs 2014-2016 Cycle</i><br><br>The scope of IFRS 12 was clarified to make it clear that the disclosure requirements in this Standard, except for those in paragraphs B10 - B16, apply to interests irrespective of whether they are classified as held for sale, as held for distribution to owners or as discontinued operations in accordance with IFRS 5. The IASB noted that the disclosure objective of IFRS 12 is relevant to interests in other entities regardless of whether or not they are classified as held for sale, as held for distribution to owners or as discontinued operations.<br><br>For more information see IFRB 2016/17 (click <a href="#">here</a> ). | Mandatory adoption for periods beginning on or after 1 January 2017. Early adoption permitted.<br><br>EU endorsement status: To be determined. |
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