IFRSs, IFRICs AND AMENDMENTS THAT ARE MANDATORY FOR THE FIRST TIME FOR 31 DECEMBER 2017 YEAR ENDS

INTERNATIONAL FINANCIAL REPORTING BULLETIN

2017/13

STATUS
Final

EFFECTIVE DATE
1 January 2017

ACCOUNTING IMPACT
May be significant

Background

This IFRB covers IFRSs, IFRICs and amendments to IFRSs that are effective for the first time in the annual financial statements of entities with 31 December 2017 year ends.

Paragraph 28 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* requires disclosures to be made if the initial application of IFRSs, IFRICs and amendments has an effect on the current period or prior period (or would have an effect except that it is impracticable to determine the amount of the adjustment), or might have an effect on future periods. In some cases, retrospective application is required together with all of the related disclosures set out below. In other cases, retrospective application is not required (for example there may be prospective application, or application to transactions that take place after a specified date) meaning that some of the disclosure requirements will not apply.

The disclosure requirements are:

a) the title of the IFRS

b) when applicable, that the change in accounting policy is made in accordance with its transitional provisions

c) the nature of the change in accounting policy

d) when applicable, a description of the transitional provisions

e) when applicable, the transitional provisions that might have an effect on future periods

f) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment:

   (i) for each financial statement line item affected

   (ii) if IAS 33 *Earnings per Share* applies to the entity, for basic and diluted earnings per share.

g) the amount of the adjustment relating to periods before those presented, to the extent practicable

h) if retrospective application is required but is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

Where applicable, the relevant BDO publications have been referenced to each new pronouncement.

The BDO publications noted above can be found on the BDO Global website from the following links:

BDO IFR Bulletins
https://www.bdo.global/en-gb/services/audit-assurance/ifrs/ifr-bulletins

BDO Illustrative Financial Statements
https://www.bdo.global/en-gb/services/audit-assurance/ifrs/model-ifrs-statements

IFRSs, amendments to IFRSs and the Annual Improvements to IFRSs that are effective for the first time in the annual financial statements of entities with a 31 December 2017 financial year end that report in accordance with IFRS as issued by the IASB (all are mandatory for annual periods beginning on or after 1 January 2017) are as follows:

1. **Amendment to IAS 7 -** *Disclosure Initiative*
2. **Amendment to IAS 12 -** *Recognition of Deferred Tax Assets for Unrealised Losses*
3. **Amendment to IFRS 12 -** *Annual Improvements to IFRSs 2014-2016 Cycle*

IFRS	New IFRSs for 31 December 2016 year ends – IFRSs, IFRICs and Amendments	Effective Date
1. Amendment to IAS 7 Issued: January 2016	*Amendment to IAS 7 – Disclosure Initiative* 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 comply with this disclosure would be to present 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: • Opening balance • Movements in the period including: – Changes from financing cash flows – Changes arising from obtaining or losing control of subsidiaries or other businesses, – Other non-cash exchanges (e.g. changes in foreign exchange rates, new finance leases and changes in fair value); • Closing balance. Note 43 of BDO's illustrative financial statements for the year ended 31 December 2017 includes an example of such a reconciliation (click here).	Mandatory adoption for periods beginning on or after 1 January 2017. Early adoption permitted. EU endorsement status: Endorsed 6 November 2017
2. Amendment to IAS 12 Issued: January 2016	*Amendment to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses* 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.	Mandatory adoption for periods beginning on or after 1 January 2017. Early adoption permitted. EU endorsement status: Endorsed 6 November 2017
3. Amendment to IFRS 12 Issued: December 2016	*Amendment to IFRS 12 - Annual Improvements to IFRSs 2014-2016 Cycle* The scope of IFRS 12 was clarified to make it clear that the disclosure requirements in this Standard, except for those in paragraphs B10 to 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 they are classified as held for sale, as held for distribution to owners or as discontinued operations. For more information see IFRB 2016/17 (click here).	Mandatory adoption for periods beginning on or after 1 January 2017. Early adoption permitted. EU endorsement status: (Expected Q4 2017).