

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

INTERNATIONAL FINANCIAL REPORTING BULLETIN
2017/13



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.

STATUS

Final

EFFECTIVE DATE

1 January 2017

ACCOUNTING IMPACT

May be significant

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	<i>Amendment to IAS 7 – Disclosure Initiative</i>	Mandatory adoption for periods beginning on or after 1 January 2017. Early adoption permitted.
Issued: January 2016	<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 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:</p> <ul style="list-style-type: none"> • Opening balance • Movements in the period including: <ul style="list-style-type: none"> – 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. <p>Note 43 of BDO's illustrative financial statements for the year ended 31 December 2017 includes an example of such a reconciliation (click here).</p>	EU endorsement status: Endorsed 6 November 2017
2. Amendment to IAS 12	<i>Amendment to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses</i>	Mandatory adoption for periods beginning on or after 1 January 2017. Early adoption permitted.
Issued: January 2016	<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>	EU endorsement status: Endorsed 6 November 2017
3. Amendment to IFRS 12	<i>Amendment to IFRS 12 - Annual Improvements to IFRSs 2014-2016 Cycle</i>	Mandatory adoption for periods beginning on or after 1 January 2017. Early adoption permitted.
Issued: December 2016	<p>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.</p>	EU endorsement status: (Expected Q4 2017).
	For more information see IFRB 2016/17 (click here).	



This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact your respective BDO Member Firm to discuss these matters in the context of your particular circumstances. Neither BDO IFR Advisory Limited, Brussels Worldwide Services BVBA, BDO International Limited and/or BDO Member Firms, nor their respective partners, employees and/or agents accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

Service provision within the international BDO network of independent Member Firms ('the BDO network') in connection with IFRS (comprising International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the IFRS Interpretations Committee and the former Standing Interpretations Committee), and other documents, as issued by the International Accounting Standards Board, is provided by BDO IFR Advisory Limited, a UK registered company limited by guarantee. Service provision within the BDO network is coordinated by Brussels Worldwide Services BVBA, a limited liability company incorporated in Belgium with its statutory seat in Zaventem.

Each of BDO International Limited (the governing entity of the BDO network), Brussels Worldwide Services BVBA, BDO IFR Advisory Limited and the Member Firms is a separate legal entity and has no liability for another such entity's acts or omissions. Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BVBA, BDO IFR Advisory Limited and/or the Member Firms of the BDO network.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

© 2017 BDO IFR Advisory Limited, a UK registered company limited by guarantee. All rights reserved.

www.bdo.global

