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Chartered Accountants

Technical Bulletin

TR 166/15

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(updates the previously issued bulletin, TR 164/15)

Recent IFRS standards and interpretations

New and revised pronouncements as at 30 June 2015

Overview - Introduction and purpose of the bulletin

This bulletin provides a high level overview of the most recently issued International Financial Reporting Standards (IFRS) and interpretations, to ensure compliance with international financial reporting requirements.

An entity has to make disclosures about:

A. Standards and interpretations that have been adopted for the first time, and

B. Standards and interpretations that have been issued but have not yet been adopted.

The distinction between A and B above will depend upon the entity's year-end and whether or not it has taken advantage of any "early adoption" permissions.

We will add new material to this bulletin when it is released, and will delete older items approximately six months after the balance sheet date of the latest annual financial statements in which a standard or interpretation could have been adopted for the first time. Within this bulletin changes from the previous edition of the bulletin are flagged in a separate section dedicated to changes.

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INTRODUCTION	Appendix A to this bulletin sets out the range of possible implementation dates in annual accounts for each standard and interpretation, on the assumption that they have not been adopted early. We have also included a column so that the schedule can be used as a checklist by preparers or auditors of accounts and so that all new financial reporting requirements have been fully considered in the period end process. In the main body of the bulletin we: • reiterate the disclosure requirements and recommend an approach to disclosures relating to un-adopted standards, • highlight changes since the previous edition of the bulletin, and • provide brief descriptions of recent standards and interpretations. This IFRS update summarises the changes in the standards and interpretations that are: a) mandatory and where there may still be companies with year ends such that they have not yet reported in compliance with these changes, and b) standards and interpretations that are not yet mandatory. Early adoption is often permitted. The main purpose of this summary is to provide information to assist entities comply with IAS 8 disclosure requirements relating to changes in accounting policies. A change in accounting policy can be voluntary or required by a standard or interpretation. The disclosure requirements arising from voluntary changes in accounting policies are detailed in paragraph 29 of IAS 8. However, in this bulletin we will be discussing paragraphs 28 and 30, which deal with accounting policy changes required by an IFRS or IFRIC interpretation. The disclosures required by a mandatory change are unsurprisingly similar to those for a voluntary change in accounting policy. IAS 8 requires entities to disclose both the effect of: • initial adoption of standards (paragraph 28), and • the effect of new pronouncements which have not yet become effective (paragraph 30). In Appendix A to this bulletin we list all standards, changes and interpretations that may be still relevant to these disclosures requirements. Developments that should have been adopted "by now" are not listed. The appendix could be useful: • in identifying accounting changes that an entity may need to prepare for and then implement; • as a checklist for identifying disclosures required by IAS 8 (paragraph 28 or 30). Care is needed in respect of: • the particular year end of an entity;

	• making decisions about early adoption; • EU endorsement; • start-ups and short or long accounting periods, because mandatory implementation dates are based on the beginning date of the accounting period. Under paragraph 28 of IAS 8, entities are required to disclose the effect that initial application of an IFRS has on the current period or any prior period reported in their financial statements. Required disclosures are listed below: 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; and 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; and h) if retrospective application required by paragraph 19(a) or (b) of IAS 8 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 a new standard or interpretation has been published, but is not yet effective, and has not been adopted, IAS 8, paragraph 30, requires entities to disclose this fact and 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. IAS 8 paragraph 31 also lists the exact disclosures that need to be made in order to comply with paragraph 30 and these are: 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 the entity plans to apply the IFRS initially; and e) either: i) a discussion of the impact that initial application of the IFRS is expected to have on the entity's financial statements; or ii) if that impact is not known or reasonably estimable, a statement to that effect. Entities should make these disclosures even if the new accounting pronouncement is issued after the balance sheet date but before the authorisation of the financial statements. Disclosure should be given in respect of the developments that are, or could be, significant to the entity and it is not necessary in respect of standards and interpretations that are clearly not applicable to the entity or that are not expected to have a material impact on the entity. Whilst there is no harm in companies including a "technical update" this is clutter that can be cut back. An entity that wishes to make clear that it has considered this requirement can include a statement to the effect that no pending standard or change is expected to have a significant impact on its financial statements in the period of application. In our view, an IFRS that has not yet been endorsed by the EU should be regarded as issued but not yet effective (rather than be treated as "unissued"). Where disclosures are being made about IFRSs that have not yet been endorsed by the EU, we recommend that this fact is also disclosed.
CHANGES SINCE PREVIOUS EDITION OF THIS BULLETIN	The list below summarises the changes from the previous issue of this bulletin: (a) Standards that should have been adopted by now and have therefore been deleted from the technical bulletin and Appendix A: o Offsetting Financial Assets and Liabilities *(Amendments to IAS 32)* (b) Standards that have been endorsed by the EU since the previous issue of this bulletin and can therefore be early adopted: o None (c) New standards or interpretations since the previous issue of this bulletin (identified within this bulletin using **Δ NEW**): o None
SUGGESTED WORDING IN FINANCIAL STATEMENTS	This section relates to both initial application of a standard that became mandatory for the first time during the current period and to early adoption of a standard not yet effective. If none of the standards and interpretations that were adopted for the first time in the current period has a significant impact on an entity's financial

Initial adoption	statements we suggest the following wording: "There were no IFRS standards or IFRIC interpretations adopted for the first time in these financial statements that had a material impact on the Group/entity's financial statements." If there is a significant (material) impact due to initial application of a standard please use the following wording as guidance: "From [insert current period start date], the Group has adopted the following new and amended IFRSs and IFRIC interpretations [list all standards and interpretations adopted for the first time in the current period]. The adoption of these revised standards has not had a material impact for the Group's result for the year and equity, other than [list only the standards that had a material impact]. [State any change in accounting policy resulting from adoption of the standards/interpretations that had a material impact]. The adoption of the [state the standard or interpretation] has resulted in an increase/decrease in [financial statement line item] of [financial impact] (as at [prior period end]: [financial impact]) and a decrease/increase in [financial statements line item] of [financial impact] (as at [prior period end]: [financial impact]). The effect on the [consolidated] statement of comprehensive income as at [current period end] is an increase/decrease in [financial statement line item] of [financial impact] (as at [prior period end]: [financial impact]) and a decrease/increase in [financial statements line item] (as at: [prior period end]: [financial impact]). The effect on the basic earnings per share and diluted earnings per share for year ended [current period end] is a decrease/increase of [financial impact] and [financial impact] respectively (as at [prior period end]: [financial impact] and [financial impact] respectively). [Required only where IAS 33 is applicable]." Specimen disclosures are included in Appendix B.
Forthcoming requirements	As mentioned in the introduction above, where a new standard or interpretation has been published, IAS 8 requires entities that have not yet applied the standard to make certain disclosures. Please use the following wording as guidance (list only standards and interpretations that are relevant to the group/entity): "The following accounting standards, amendments to existing standards and interpretations are not yet effective and have not yet been adopted early by the group/company. [List ONLY the IFRSs or IFRIC interpretations relevant to the entity]. The adoption of these standards, amendments and interpretations is not expected to have a material impact on the group/ company's result for the year or equity other than [insert standard that will result in a material impact when adopted]. [State any change in accounting policy that will result from adoption].

	For the year ended [insert current period end date] [give an indication of the financial effect] OR [The group/ company is yet to assess the full impact of the amendment]. The company/ group will apply this standard in the accounting period beginning on [insert date – no later than effective date] subject to endorsement by EU [if not yet endorsed]. Specimen disclosures are included in Appendix B.
SUMMARIES OF NEW STANDARDS AND INTERPRETATIONS	
Disclosure Initiative *(Amendments to IAS 1)*	The amendments cover three main areas and are all aimed at ensuring disclosures made are relevant. **Materiality.** The amendments clarify that: • the concept of materiality applies to all parts of the financial statements and to specific disclosures required by an IFRS, meaning therefore that *information need not be disclosed if it is not material, even when a standard requires a specific disclosure*, and • understandability should not be obscured by aggregating or disaggregating information, for example, by aggregating items that have different characteristics or disclosing a large amount of immaterial detail. **Statement of financial position and statement of profit or loss and other comprehensive income.** The amendments clarify that: • the list of line items to be presented in these statements can be disaggregated and aggregated when relevant, • additional subtotals are permitted provided they enhance understandability, are reconciled and meet specified criteria, and • an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented as aggregated single line items based on whether or not it will subsequently be reclassified to profit or loss. **Notes.** The amendments clarify that: • An entity is not required to present the notes to the financial statements in a particular order. Notes could be presented by order of importance or related information could be disclosed together in sections, provided the result does not impair understandability and comparability, • Significant accounting policies need not be disclosed in one note, but can instead be included with related information in other notes, and • *Only those accounting policies identified as significant should be disclosed.* **UHY commentary.** With these changes, the IASB is trying to address the problem of there being both too much irrelevant information and not enough relevant information in financial statements. The changes exemplify the direction of travel that the Board is taking to combat this problem. The final point in the "notes" section above may result in fewer

	accounting policies being disclosed as *insignificant* policies are removed. How management determines which accounting policies are significant has not changed; it will still depend on whether disclosure would assist users in understanding how transactions, other events and conditions are reflected in reported financial performance and position. It is important to remember that an accounting policy must explain how a transaction is measured and when it is recorded. An example of how the first point in the "notes" section above could be interpreted is by starting the accounting policies note with significant estimates and judgements. These amendments have not yet been endorsed by the EU.
Clarification of Acceptable Methods of Depreciation and Amortisation ***(Amendments to IAS 16 and IAS 38)***	The amendments provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated. **IAS 16:** The amendment clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. This is because such methods reflect a pattern of economic benefits being generated from operating the business (of which an asset is part) rather than the pattern of consumption of an asset's expected future economic benefits through its use. **IAS 38**: The amendment introduces a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate for the same reasons as in IAS 16. This presumption can be overcome only in the limited circumstances: • In which the intangible asset is expressed as a measure of revenue (the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold); and • When it can be demonstrated that revenue and the consumption of economic benefits of the intangible asset are highly correlated (the consumption of the intangible asset is directly linked to the revenue generated from using the asset). Guidance is introduced into both standards to explain that an expected future reduction in selling prices could be indicative of a higher rate of consumption of the future economic benefits embodied in an asset. These amendments have not yet been endorsed by the EU.
Agriculture: Bearer Plants ***(Amendments to IAS 16 and IAS 41)***	The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment. In order to move bearer plants from the scope of IAS 41 into the scope of IAS 16 and therefore enabling entities to measure them at cost subsequent to initial recognition or at revaluation, a definition of a 'bearer plant' is introduced into both standards. A bearer plant is defined as "a living plant that: a) is used in the production or supply of agricultural produce;

	b) is expected to bear produce for more than one period; and c) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales." The scope sections of both standards are then amended to clarify that biological assets except for bearer plants are accounted for under IAS 41 while bearer plants are accounted for under IAS 16. The amendments also clarify that produce growing on bearer plants continues to be accounted for under IAS 41 and that government grants related to bearer plants no longer fall into the scope of IAS 41 but need to be accounted for under IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. Biological assets that have both bearer and consumable attributes are excluded from these amendments because to achieve that would require model that would be more difficult to apply and would require judgement to be applied and reclassifications between IAS 16 and IAS 41 might become necessary if the predominant use changes. Livestock are also excluded from the scope of the amendments as a cost model would be more complex for livestock and an active market would usually exist for livestock, resulting in fair value information being readily available and easier to apply than cost measurement. These amendments have not yet been endorsed by the EU.
Defined Benefit Plans: Employee Contributions *(Amendments to IAS 19)*	The amendment allows contributions from employees and third parties that are independent of the number of years in service, to be deducted from the cost of service in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. The amended standard doesn't define the contributions which are independent but instead gives examples of what would (a fixed percentage of the employee's salary, a fixed amount or an amount depending on the employee's age) and what wouldn't (an increasing percentage of salary over the years of service) constitute a contribution that is independent of the number of years of service. This amendment is effective for periods commencing on or after 1 February 2015. Early adoption is permitted.
IAS 27 Separate Financial Statements (2011)	This is the amended version of IAS 27 which now only deals with the requirements for separate financial statements. Requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements. The amended standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IFRS 9 Financial Instruments. The Standard also deals with the recognition of dividends and certain group reorganisations, and includes a number of disclosure requirements. This standard is effective for periods commencing on or after 1 January

	2014. Early adoption is permitted.
Equity Method in Separate Financial Statements *(Amendments to IAS 27)*	The amendments reinstate the option for an entity to use the equity method to account for investments in subsidiaries, joint ventures and associates in its separate financial statements, such that it will be allowed to account either: • at cost, • in accordance with IFRS 9 *Financial Instruments* (or IAS 39 *Financial Instruments: Recognition and Measurement* for entities that have not yet adopted IFRS 9), or • using the equity method as described in IAS 28 *Investments in Associates and Joint Ventures*. The accounting option must be applied by category of investments. The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred. The IASB has also clarified the definition of separate financial statements as those produced in addition to: • consolidated financial statements by an entity with subsidiaries; or • financial statements prepared by an entity which has no subsidiaries but has investments in associates or joint ventures required to be equity accounted under IAS 28. In addition to the amendments to IAS 27, there are consequential amendments to IAS 28 to avoid a potential conflict with IFRS 10 *Consolidated Financial Statements* and to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. IFRS 1 has been amended to permit use of the business combinations exemption for investments in subsidiaries accounted for using equity method in the separate financial statements of the first-time adopter. These amendments have not yet been endorsed by the EU.
IAS 28 Investments in Associates and Joint Ventures (2011).	IAS 28 (2011) prescribes the accounting for investments in associates in group/consolidated accounts and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' as a shareholding of 20% or more of an entity, although where a shareholding is less than this, significant influence can be established by other means. IAS 28 (2011) provides guidance on how the equity method of accounting is to be applied. • In the consolidated statement of financial position the investment is initially carried at cost and subsequently adjusted for the investor's share of profits or losses and other comprehensive income made by the investee. Distributions received from the investee reduce the carrying value of the investment.

	• The investor's share of the investee's profit or loss is recognised in the investor's profit or loss. Adjustments to the carrying amount may also be necessary, for changes in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income. The investor's share of those changes is recognised in the investor's other comprehensive income. The standard also prescribes how investments in associates and joint ventures should be tested for impairment. Early adoption is permitted only if the other standards included in the group of five standards on consolidation, joint arrangements and disclosures: IFRS10, IFRS 11, IFRS 12 and IAS 27 (2011) are also early adopted. IAS 28 (2011) does not include any disclosure requirements; these are included in IFRS 12 Disclosure of Interests in Other Entities. This standard is effective for periods commencing on or after 1 January 2014. Early adoption is permitted.
Recoverable Amount Disclosures for Non-Financial Assets *(Amendments to IAS 36)*	This amends IAS 36 Impairment of Assets as follows: • removes the (unintentionally introduced) requirement to disclose the recoverable amount when a cash-generating unit (CGU) contains goodwill or indefinite life intangible assets but there has been no impairment, • requires (the originally intended) disclosure of the recoverable amount of an asset or a CGU when an impairment loss has been recognised or reversed, and • requires detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed. This standard is effective for periods commencing on or after 1 January 2014. Early adoption is permitted.
Novation of Derivatives and Continuation of Hedge Accounting' *(Amendments to IAS 39)*	Under IAS 39 "Financial instruments: recognition and measurement", an entity is required to discontinue hedge accounting for a derivative that has been designated as a hedging instrument where the derivative is novated to a central counterparty (CCP). The new derivative with the CCP is recognised at the time of the novation. Following the amendment to IAS 39, there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met, as follows: • if as a consequence of law and regulations, the parties to the hedging instrument agree that a CCP, or an entity (entities) acting as a counterparty in order to effect clearing by a CCP, replaces their original counterparty • other changes, if any, to the hedging instrument are limited to those that are necessary to effect such replacement of the counterparty. These changes include changes in the contractual collateral requirements, rights to offset receivables and payables balances, and charges levied.

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<tr><td></td><td>This standard is effective for periods commencing on or after 1 January 2014. Early adoption is permitted.</td></tr>
<tr><td>IFRS 9 Financial Instruments</td><td>
The final version of IFRS 9 'Financial Instruments' has been issued, which brings together the classification and measurement, impairment and hedge accounting phases of the IASB’s project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The final version adds a new expected credit loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVTOCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test. The Standard supersedes all previous versions of IFRS 9.
Entities adopting full IFRS, for a limited period, can early adopt previous versions of IFRS 9, if not already done so, provided the relevant date of initial application is before 1 February 2015. An entity adopting EU IFRS (including UK entities), however, may not adopt early this or any previous versions of IFRS 9 or amendments thereto as they have not been endorsed by the EU.
The Basis of Conclusions includes extensive explanations of the differences between the new guidance and IAS 39.
In this document, the key changes from IAS 39 have been grouped into the following categories:

Classification and measurement of financial assets
Classification and measurement of financial liabilities
Expected loss impairment model
General hedge accounting

Classification and measurement of financial assets
IFRS 9 replaces the multiple classification and measurement models for financial assets in IAS 39 with a model that has only three classification categories: amortised cost, fair value through profit or loss, and fair value through other comprehensive income (for eligible investments in debt instruments).
Classification under IFRS 9 is driven by the entity’s business model for managing the financial assets and their contractual cash flow characteristics, as follows:

Debt instruments held within a business model whose objective is to collect contractual cash flows and those contractual cash flows are solely principal and interest, are measured at amortised cost
Debt instruments held within a business model whose objective is achieved by both collecting contractual cash flows and selling assets, and those contractual cash flows are solely principal and interest, are measured at fair value with changes recognised in other comprehensive income
All other instruments (including all derivatives) are measured at fair

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value with changes recognised in the profit or loss

There are some irrevocable elections that can be made on initial recognition, as follows:

- Investments in equity instruments that are neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, can be designated as "fair value through other comprehensive income" with only dividends being recognised in profit or loss
- Any financial asset may be designated as measured at fair value through profit or loss if doing so eliminates or significantly reduces an "accounting mismatch."

The concept of "embedded derivatives" does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.

Classification and measurement of financial liabilities

IFRS 9 maintains the existing (IAS 39) amortised cost measurement for most financial liabilities, limiting change to that required to address the volatility in profit or loss arising from an issuer choosing to measure its own debt at fair value, often referred to as the 'own credit' problem.

Under the new requirements, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk (it's own creditworthiness) in the other comprehensive income (OCI) section of the income statement, rather than within profit or loss. This will mainly affect financial institutions.

The option in IAS 39 that permits entities to elect to measure financial liabilities at fair value through profit or loss, provided that particular criteria are met, is carried forward to IFRS 9. This is referred to as the fair value option (FVO).

The circumstances when the FVO is available for liabilities have not been changed in IFRS 9. However, whereas IAS 39 required the portion of the change in the fair value of a liability under the FVO that is due to own credit (the 'own credit amount') to be recognised in profit or loss, IFRS 9 requires this change to be presented in OCI, except where this treatment would create an accounting mismatch. Determining whether such a mismatch would occur must be decided when the financial liability is first recognised and is irrevocable. In such cases IFRS 9 requires the entire fair value change (including the own credit amount) to be recognised in profit or loss rather than in OCI.

Expected loss impairment model

The impairment model is based on the concept of providing for expected losses at inception of a contract, except in the case of purchased or originated credit-impaired financial assets, where expected credit losses are incorporated into the effective interest rate.

With the exception of purchased or originated credit impaired financial assets, expected credit losses are required to be measured through a loss allowance at an amount equal to:

	• the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or • full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition, as well as to contract assets or trade receivables that *do not* constitute a financing transaction in accordance with IFRS 15. Entities can elect an accounting policy to recognise full lifetime expected losses for all contract assets and/or all trade receivables that *do* constitute a financing transaction in accordance with IFRS 15. The same election is also separately permitted for lease receivables. For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month expected credit losses. Purchased or originated credit-impaired financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, lifetime expected credit losses are incorporated in the estimated cash flows used to calculate the (credit-adjusted) effective interest rate at initial recognition. Subsequently, any changes in expected losses are recognised as a loss allowance with a corresponding gain or loss recognised in profit or loss. *General hedge accounting* The new general hedge accounting model is designed to be a means for entities to communicate their risk management activities i.e. to convey the purpose and effect of the hedging instruments and how they are used to manage risk. However, hedge accounting continues to be voluntary. The exception in IAS 39 for a fair value hedge of an interest rate exposure of a portfolio of financial assets or financial liabilities continues to apply. This is because the requirements for portfolio fair value hedge accounting for interest rate risk (also known as 'macro hedge accounting') were separated from the IFRS 9 project. Because this macro hedge accounting project is not yet complete, IFRS 9 includes an accounting policy choice to continue using IAS 39 or to use IFRS 9. The choice will be removed when the project is complete. The new disclosures for hedge accounting form part of IFRS 7 and will apply equally to entities choosing to use adopt IFRS 9 or continue using IAS 39. The three key areas of change are as follows: • Less strict effectiveness testing requirements • Increased eligibility of hedged items • New ways to account for hedging instruments (not discussed in this document)

	Effectiveness testing requirements: The change to effectiveness testing requirements will impact all entities currently using hedge accounting. The new model is less rules based, and more principles based. IAS 39 required a prospective test at the start of a hedge and a retrospective test at each reporting period. IFRS 9 does not require a retrospective test, only a prospective test. IFRS 9 has removed the numerical threshold (80-125%) and replaced it with the principle that there must be an *economic relationship* between the hedged item and the hedging instrument. This introduces qualitative tests, not merely quantitative tests, to demonstrate effectiveness. Therefore, where there are mismatches in, for example the timing of settlement, quantity or grade of commodity, qualitative tests could result in a hedge being allowed. Demonstrating the economic relationship is one of three components of the test of whether a hedge is eligible or not. Given that the 80-125 test has been removed, entities are now required to ensure that the designated amount of hedged item and the associated instrument doesn't purposefully create an imbalance. In addition, credit risk should not dominate or negate the economic relationship between a hedged item and the instrument. Actual hedge ineffectiveness still needs to be measured. Eligibility of hedged items: The key changes that will result in an increase in the number of arrangements that will be eligible for hedge accounting are set out below. • Hedging risk components: the distinction between financial and non-financial items has been removed such that now non-financial items can be hedged for a risk component if it is separately identifiable and reliably measurable. • Hedge a derivative with a derivative: an aggregated exposure that includes a derivative is an eligible hedged item. (IAS 39 explicitly prohibited a derivative from being designated as a hedged item.) • Hedge a net position: an entity may take advantage of naturally offsetting risk positions. Groups of items and a net position can be hedged collectively as a group, provided the group consists of individually eligible hedged items and those items are managed together for risk management purposes. The use of cash flow hedges of net positions is permitted only for foreign exchange risk. • Hedging inflation in financial items: the prohibition over the designation of non-contractually specified inflation risk components of financial instruments has been removed. However, the final requirements include a caution that, in order to determine whether inflation risk is an eligible risk component, a careful analysis of the facts and circumstances is required so that the criteria for designating risk components are properly applied. Also, non-derivative financial instruments measured at fair value through profit or loss are eligible for hedge accounting under IFRS 9.

	This standard has not yet been endorsed by the EU.
IFRS 10 Consolidated Financial Statements	IFRS 10 replaces all of the guidance on control and consolidation in IAS 27 and SIC 12 (Consolidation - Special Purpose Entities). As a result, IAS 27 has been renamed "Separate financial statements" – see above. This standard changes the definition of control so that the same criteria are applied to all entities to determine control. The core principle that the consolidated entity presents the parent and its subsidiaries as if they are a single entity, as well as the mechanism of consolidation, remain unchanged. The revised definition of control states that an investor has to have both power and variable returns before control is present. Power arises from rights. In some cases, power is obtained directly or solely from voting rights, in other cases the assessment of power is more complex. Thus power is defined as the current ability to direct the activities that significantly influence returns. When assessing whether control exists, an investor with decision making rights should establish whether it is acting as a principal or as an agent of other parties. An investor that is an agent does not control an investee when it exercises decision-making rights delegated to it. Early adoption is permitted only if the other standards included in the group of five standards on consolidation, joint arrangements and disclosures: IFRS 11, IFRS 12, IAS 28 (2011) and IAS 27 (2011) are also early adopted. IFRS 10 does not include any disclosure requirements; these are included in IFRS 12 Disclosure of Interests in Other Entities. This standard is effective for periods commencing on or after 1 January 2014. Early adoption is permitted.
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture *(Amendments to IFRS 10 and IAS 28)*	These amendments address an inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and those in IAS 28 *Investments in Associates and Joint Ventures* in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments clarify that, in a transaction involving an associate or joint venture, the accounting treatment i.e. whether a gain or loss is recognised, depends on whether the assets sold or contributed constitute a "business", as defined in IFRS 3 *Business Combinations*. The main consequence of the amendments is that a full gain or loss will be recognised by the investor where a transaction involves a business (whether it is housed in a subsidiary or not). If the assets do not form a business, a partial gain or loss is recognised by the investor to the extent of the other investors' interests (even if the assets are housed in a subsidiary). A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction. These amendments have not yet been endorsed by the EU.

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	Amends IFRS 10, IFRS 11 and IFRS 12 to provide additional transition relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period. These amendments are effective for periods commencing on or after 1 January 2014. Early adoption is permitted.
Investment Entities (*Amendments to IFRS 10, IFRS 12 and IAS 27*)	The amendment to IFRS 10 defines an investment entity and introduces an exception from consolidation. The amendments to IFRS 12 introduce disclosures that an investment entity needs to make. An entity that qualifies as an "investment entity" is required not to consolidate a subsidiary in accordance with the consolidation provisions of IFRS 10. Its investment is instead required to be measured at fair value through profit and loss in accordance with provisions of IFRS 9 (or IAS 39 where IFRS 9 has not yet been adopted). To qualify as an "investment entity" an entity is required to: • obtain funds from one or more investors for the purpose of providing those investor(s) with investment management services • commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and • measure and evaluate the performance of substantially all of its investments on a fair value basis. An entity that possesses the three elements of the definition of an investment entity set out above is an investment entity. However, IFRS 10 emphasises that that the definition only establishes the typical features of an entity that meets the notion of an "investment entity". Therefore, in applying the definition, judgement will need to be exercised. An entity would be expected to have the following typical characteristics in order to meet the definition of an "investment entity": (a) it has more than one investment; (b) it has more than one investor; (c) it has investors that are not related parties of the entity; and (d) it has ownership interests in the form of equity or similar interests. One feature that differentiates an investment entity from other entities, as defined in the amendments to IFRS 10 is that an investment entity does not plan to hold its investments indefinitely: it holds them for a limited period and should have an exit strategy for their realisation. The entity is not required to document specific exit strategies for each individual investment but must identify a substantive strategy and broad time frame from exiting its various categories of investments Disclosure requirements comprise in particular the followings:

	(a) that it is an investment entity and thus has not consolidated controlled investees; (b) information about significant judgements and assumptions it has made in determining that it is an investment entity (c) specific reasons if it does not have one or more of the typical characteristics of an investment entity and still concluded that it is an investment entity (d) an entity beginning or ceasing to be considered an investment entity shall disclose the change of investment entity status and the reasons for the change. (e) details about each unconsolidated subsidiary including any significant restrictions on it to transfer funds to the investment entity and any support the investment entity (or its subsidiaries) has provided to an unconsolidated entity without having a contractual obligation to do so. These amendments are effective for periods commencing on or after 1 January 2014. Early adoption is permitted.
Investment Entities: Applying the Consolidation Exception ***(Amendments to IFRS 10, IFRS 12 and IAS 28)***	The amendments amend, confirm and clarify the following: **Exemption from preparing consolidated financial statements (IFRS 10)** The exemption from preparing consolidated financial statements is available to an intermediate parent entity that is a subsidiary of an investment entity. A non-investment entity parent of an investment entity is required to consolidate all entities that it controls, both directly and indirectly through an investment entity. **Subsidiaries providing services that relate to the parent's investment activities (IFRS 10)** A subsidiary that provides services that relate to the parent's investment activities should not be consolidated if the subsidiary is itself an investment entity; it should instead be measured at fair value through profit or loss. **Application of the equity method by a non-investment entity investor to an investment entity investee (IAS 28)** A non-investment entity investor, when applying the equity method, is permitted, but not required, to retain the fair value through profit or loss measurement applied by an investment entity associate or joint venture for their interests in subsidiaries. **Disclosures (IFRS 12)** A parent that is an investment entity and has measured all of its subsidiaries at fair value through profit or loss shall present the disclosures relating to investment entities required by IFRS 12. These amendments have not yet been endorsed by the EU.
IFRS 11 Joint	IFRS 11 sets out requirements for the recognition and measurement of an

Arrangements	entity's interest in joint arrangements. It replaces IAS 31 and requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures. A joint arrangement is an arrangement by which two or more parties, bound by a contractual agreement, have joint control. Joint arrangements are classified, dependent on the controlling parties' rights and obligations, as either: • Joint operations – joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. • Joint ventures – joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint operator therefore recognises in its financial statements (including its separate financial statements): • Assets, including its share of jointly held assets • Liabilities, including its share of any liabilities incurred jointly • Revenue from the sale of its share of the output of the joint operation • Its share of the revenue from the sale of the output by the joint operation • Its expenses, including its share of any expenses incurred jointly. A joint venturer in contrast should account for its investment using the equity method in accordance with IAS 28. In its separate financial statements, a joint venturer should account for its investment either at cost or in accordance with IFRS 9. Early adoption is permitted only if the other standards included in the group of five standards on consolidation, joint arrangements and disclosures: IFRS 10, IFRS 12, IAS 28 (2011) and IAS 27 (2011) are also early adopted. This standard is effective for periods commencing on or after 1 January 2014. Early adoption is permitted.
Accounting for Acquisitions of Interests in Joint Operations ***(Amendments to IFRS 11)***	This amendment provides guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business, as defined in IFRS 3 *Business Combinations*. Where such an interest is acquired, this amendment requires the acquirer to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except for those principles that conflict with the guidance in this IFRS. In addition, the acquirer shall disclose the information required by IFRS 3 and other IFRSs for business combinations. This applies to the acquisition of both the initial interest and additional interests. The application guidance has been updated to provide examples of

	principles on business combinations accounting that do not conflict with the guidance in this IFRS that include but are not limited to: • Measuring identifiable assets and liabilities at fair value, other than items for which exceptions are given in IFRS 3 and other IFRSs; • Recognising acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received, with the exception that the costs to issue debt or equity securities are recognised in accordance with IAS 32 Financial Instruments: Presentation and IFRS 9; • Recognising deferred tax assets and deferred tax liabilities that arise from the initial recognition of assets or liabilities, except for deferred tax liabilities that arise from the initial recognition of goodwill, as required by IFRS 3 and IAS 12 Income Taxes for business combinations; • Recognising the excess of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, if any, as goodwill; and • Testing for impairment a cash-generating unit to which goodwill has been allocated at least annually, and whenever there is an indication that the unit may be impaired, as required by IAS 36 Impairment of Assets for goodwill acquired in a business combination. This amendment has not been endorsed by the EU.
IFRS 12 Disclosure of Interests in Other Entities	IFRS 12 applies to any entity which has an interest in a subsidiary, joint arrangement, associate or unconsolidated structured entity. Its objective is to require the disclosure of information which enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows. In order to meet this objective, entities are required to make the following disclosures: • Significant judgements and assumptions used to determine control, joint control or significant influence and type of joint arrangement. • Information on interests in subsidiaries such that the composition of the group and non-controlling interest is understood and restrictions, risks and changes in ownership can be evaluated. • Information on interests in associates and joint arrangements such that the nature and extent of the interests, financial effects and associated risks can be evaluated. • Information on interests in unconsolidated structured entities such that the nature and extent of the interests and associated risks can be evaluated. IFRS 12 lists specific examples and additional disclosures which further expand upon each of these disclosure objectives, and includes other guidance on the extensive disclosures required.

	Note: Providing some of the disclosures required by IFRS 12 does not compel an entity to comply with all of the requirements of the IFRS or to also apply the other standards included in the group of five standards on consolidation, joint arrangements and disclosures: IFRS 10, IFRS 11, IAS 27 and IAS 28 (2011). This standard is effective for periods commencing on or after 1 January 2014. Early adoption is permitted.
IFRS 14 Regulatory Deferral Accounts	IFRS 14 Regulatory Deferral Accounts permits an entity which is a first-time adopter of International Financial Reporting Standards and conducts rate-regulated activities, to continue to apply its previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. However, entities are not permitted to change their accounting policies in order to start to recognise regulatory deferral account balances. They are only allowed to change the accounting policies for recognition, measurement, impairment and derecognition of regulatory deferral accounts balances if the change makes the financial statements more relevant and no less reliable, or more reliable and no less relevant. Regulatory deferral account balances, and movements in them, are required to be presented separately in the statement of financial position and statement of profit or loss and other comprehensive income respectively. Specific disclosures are also required. Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body. Examples of rate-regulated industries are utilities, telecommunication and transport industries. Regulatory deferral account balance are defined in the standard as the balance of any expense (or income) account that would not be recognised as an asset or a liability in accordance with other Standards, but that qualifies for deferral because it is included, or is expected to be included, by the rate regulator in establishing the rate(s) that can be charged to customers. This standard has not yet been endorsed by the EU.
IFRS 15 Revenue from Contracts with Customers	This new standard specifies how and when revenue is recognised as well as requiring more detailed disclosures in the financial statements. It provides a single, principles based five-step model to be applied to all contracts with customers. It will result in a significant increase in the volume of disclosures related to revenue, covering the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The standard applies to all contracts with customers except for: • leases within the scope of IAS 17 Leases; • financial instruments and other contractual rights or obligations within the scope of IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint

	Ventures; • insurance contracts within the scope of IFRS 4 Insurance Contracts; and • non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers. The standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The core principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The new model employs an asset and liability approach where revenue recognition is based on changes in contract assets (rights to receive consideration) and liabilities (obligations to provide a good or perform a service). Under the new model, revenue is recognised based on the satisfaction of performance obligations. In applying the new model, entities would follow this five-step process: 1. Identify the contract with a customer. 2. Identify the separate performance obligations in the contract. 3. Determine the transaction price. 4. Allocate the transaction price to the separate performance obligations. 5. Recognise revenue when (or as) each performance obligation is satisfied. Extensive disclosures are required to provide greater insight into both revenue that has been recognised, and revenue that is expected to be recognised in the future from existing contracts. Quantitative and qualitative information will be provided about the significant judgments and changes in those judgments that management made to determine revenue that is recorded. A contract with a customer may be partially within the scope of IFRS 15 and partially within the scope of another standard. In that scenario: • if other standards specify how to separate and/or initially measure one or more parts of the contract, then those separation and measurement requirements are applied first. The transaction price is then reduced by the amounts that are initially measured under other standards; • if no other standard provides guidance on how to separate and/or initially measure one or more parts of the contract, then IFRS 15 will be applied. This standard has not yet been endorsed by the EU.
IFRIC 21 Levies	IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, other than those levies within the scope of other standards, such as IAS 12 Income taxes and fines or penalties imposed for breaches of legislation. A liability to pay levies is recognised when an obligating event takes place. The obligating event is the activity that requires the entity to pay the levy

	and is typically specified in legislation enacting the levy. The interpretation provides the following guidance on recognition of a liability to pay levies: • if the obligating event occurs over a period of time, the liability is recognised progressively • if an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached This standard is effective for periods commencing on or after 17 June 2014. Early adoption is permitted.
Annual Improvements to IFRSs 2010 – 2012 Cycle	This cycle makes amendments to the following standards: • **IFRS 2:** the amendment clarifies the definition of "vesting condition" and "market condition" and now separately defines "performance condition" and "service condition". The amendment applies to share-based payments transactions for which the grant date is on or after 1 July 2014. If an entity applies the amendment for an earlier period (permitted), it shall disclose that fact. The amendment clarifies that: o market condition is a performance condition upon which the exercise price, vesting or exercisability of an equity instrument depends that is related to the market price (or value) of the entity's or another entity in the same group's equity instrument; o a market condition requires the counterparty to complete a specified period of service (i.e. service condition) o a performance target is defined by reference to the entity's own operation (or activities) or the operations of another entity in the same group, or the price (or value) of the entity's own equity instruments or the equity instruments of another entity in the same group. • **IFRS 3:** clarifies that whatever the nature of the instrument or contract that sets out any contingent consideration, such an obligation should be measured at fair value at each reporting date, with the changes in the fair value going in the profit or loss. Consequential amendments were also made to IFRS 9, IAS 39 and IAS 37. This amendment could result in a material change as contingent liabilities previously dealt with under normal rules of IAS 37 were carried at a "best estimate" of the liability, rather than at fair value. • **IFRS 8:** the amendment requires an entity to disclose judgements made by management in applying the aggregation criteria to operating segments. The disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. • **IFRS 13:** this is only an amendment to the Basis for Conclusion, clarifying that the issuance of IFRS 13 and consequential adjustments

	to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of not discounting is immaterial. • **IAS 16 and IAS 38:** these amendments clarify that the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount. (So that upward valuations may be recognised not simply as amortisation reversals). The accumulated depreciation/amortisation of the asset at the date of revaluation equals the difference between the gross carrying amount of the asset after taking into account accumulated impairment losses. • **IAS 24:** the amendment extends the definition of a related party to include a company that provides key management personnel services to the reporting entity or to the parent of the reporting entity. These amendments are effective for periods commencing on or after 1 February 2015. Early adoption is permitted.
Annual Improvements to IFRSs 2011 - 2013 Cycle	This cycle makes amendments to the following standards: • **IFRS 1:** this is an amendment to the Basis for Conclusion, to clarify that a first time adopter is allowed but not required to apply a new IFRS if that standard permits early application. That new standard will be applied throughout all periods presented unless IFRS 1 has an exemption or exception that permits or requires otherwise. • **IFRS 3:** the amendment clarifies that IFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. • **IFRS 13:** the amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis ("portfolio exception") to include all contracts that are within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32. The amendment must be applied prospectively from the beginning of the annual period in which IFRS 13 was initially applied. • **IAS 40:** the amendment clarifies that IAS 40 and IFRS 3 are not mutually exclusive. Therefore both standards have to be applied by an entity acquiring an investment property, first to determine that the acquisition is of a business or a group of assets (IFRS 3) and second to determine whether the building is owner occupied or an investment property (IAS 40). These amendments are effective for periods commencing on or after 1 January 2015. Early adoption is permitted.
Annual Improvements to IFRSs 2012–2014 Cycle	The key amendments made by this cycle are summarised below: • **IFRS 5:** the amendment adds specific guidance for situations where an entity reclassifies an asset (or disposal group) from "held for sale" to "held for distribution" or vice versa and situations where "held for

	distribution" accounting is discontinued but the asset (or disposal group) is not reclassified as "held for sale". • **IFRS 7:** the amendment has two elements. *Servicing contracts:* additional guidance is added to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement for the purpose of determining the disclosures required. The amendment is prospective with an option to apply retrospectively. A consequential amendment to IFRS 1 is included to give the same relief to first-time adopters. *Interim financial statements: Applicability of the amendments to IFRS 7 to condensed interim financial statements:* The amendment clarifies that the additional disclosure required by the amendments to IFRS 7, *'Disclosure – Offsetting financial assets and financial liabilities'* is not specifically required for all interim periods, unless required by IAS 34. The amendment is retrospective and there are consequential amendments to IFRS 1. • **IAS 19:** the amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise. The judgement of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not in a particular country. • **IAS 34:** the amendment clarifies what is meant by the reference in the standard to the disclosure of information "elsewhere in the interim financial report". It also requires a cross-reference to that information. The amendment is retrospective. These amendments have not yet been endorsed by the EU.
ACTION	This bulletin may be useful in drawing attention to accounting standards and interpretations that: • may require substantial changes by preparers of accounts; • may require disclosure in annual financial statements as not yet adopted; • may require disclosure in annual financial statements as newly adopted. Auditors are welcome to share this bulletin with their clients.
SOURCES	• http://www.icaew.com/en/technical/financial-reporting/ifrs/mandatory-dates-for-ifrs-standards • http://www.efrag.org/WebSites/UploadFolder/1/CMS/Files/Endorsement%20status%20report/EFRAG_Endorsement_Status_Report_23_July_2015.pdf

Appendix A: New and revised pronouncements

The relevance of the following pronouncements will depend on the particular circumstances of an entity including its period end and whether or not it elects to adopt any pronouncement early.

The table can be used as a work sheet with respect to any entity type and period end, for example, to identify pronouncements that may require disclosure under IAS 8 paragraph 28, and pronouncements that may require disclosure under IAS 8 paragraph 30. The last column ("Applies") is for this purpose.

New or revised pronouncement	Issued by the IASB	IASB effective date (periods starting on or after)	Endorsed by the EU	EU effective date, if different	Earliest EU mandatory adoption year end[1]	Latest EU mandatory adoption year end[1]	Applies to the entity?
IAS 27 Separate Financial Statements (2011)	May 2011	1 January 2013	December 2012	1 January 2014	31 December 2014	30 November 2015	
IAS 28 Investments in Associates and Joint Ventures (2011)	May 2011	1 January 2013	December 2012	1 January 2014	31 December 2014	30 November 2015	
IFRS 10 Consolidated Financial Statements	May 2011	1 January 2013	December 2012	1 January 2014	31 December 2014	30 November 2015	
IFRS 11 Joint Arrangements	May 2011	1 January 2013	December 2012	1 January 2014	31 December 2014	30 November 2015	
IFRS 12 Disclosure of Interests in Other Entities	May 2011	1 January 2013	December 2012	1 January 2014	31 December 2014	30 November 2015	
Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance *(Amendments to IFRS 10, IFRS 11 and IFRS 12)*	June 2012	1 January 2013	April 2013	1 January 2014	31 December 2014	30 November 2015	

[1] Since most entities start their accounting periods on the 1st of a given month, we have been pragmatic when setting the earliest and latest EU mandatory dates. However to be precise, if the EU date effective date is the 1 January 2014, and this is the start of an accounting year for an entity, for the year ended 31 December 2014 the entity must apply the standard. However if the entity's accounting year commenced on the 31 December 2013, to the year ended 30 December 2014 the entity would **not** adopt the standard, that year; it would adopt the following year with the start date of 31 December 2014 to the year ended 30 December 2015.

Appendix A: New and revised pronouncements

New or revised pronouncement	Issued by the IASB	IASB effective date (periods starting on or after)	Endorsed by the EU	EU effective date, if different	Earliest EU mandatory adoption year end[1]	Latest EU mandatory adoption year end[1]	Applies to the entity?
Investment Entities *(Amendments to IFRS 10, IFRS 12 and IAS 27)*	October 2012	1 January 2014	November 2013	No difference	31 December 2014	30 November 2015	
Recoverable Amount Disclosures for Non-Financial Assets *(Amendments to IAS 36)*	May 2013	1 January 2014	December 2013	No difference	31 December 2014	30 November 2015	
Novation of Derivatives and Continuation of Hedge Accounting *(Amendments to IAS 39)*	June 2013	1 January 2014	December 2013	No difference	31 December 2014	30 November 2015	
IFRIC 21 Levies	May 2013	1 January 2014	June 2014	17 June 2014[2]	30 June 2015[2]	31 May 2016[2]	
Defined Benefit Plans: Employee Contributions *(Amendments to IAS 19)*	November 2013	1 July 2014	December 2014	1 February 2015	31 January 2016	31 December 2016	
Annual Improvements to IFRSs 2010 – 2012 Cycle	December 2013	1 July 2014	December 2014	1 February 2015	31 January 2016	31 December 2016	
Annual Improvements to IFRSs 2011 - 2013 Cycle	December 2013	1 July 2014	December 2014	1 January 2015	31 December 2015	30 November 2016	
IFRS 14 Regulatory Deferral Accounts	January 2014	1 January 2016	Not yet endorsed	(Unknown)	(Unknown)	(Unknown)	

2 Since most entities start their accounting periods on the 1st of a given month, we have been pragmatic when setting the earliest and latest EU mandatory dates, and used 1 July 2014 as the earliest period start date and 1 June 2015 as the latest period start date. To be precise, since the EU date effective date is the 17 June 2014, if this were the start of an accounting year for an entity, the year ended 16 June 2015 must apply the IFRIC. However if the entity's accounting year commenced on the 16 June 2014 (one day earlier), to the year ended 15 June 2015 the entity would not adopt the standard, that year; it would adopt the following year with the start date of 16 June 2015 to the year ended 15 June 2016.

Appendix A: New and revised pronouncements

New or revised pronouncement	Issued by the IASB	IASB effective date (periods starting on or after)	Endorsed by the EU	EU effective date, if different	Earliest EU mandatory adoption year end[1]	Latest EU mandatory adoption year end[1]	Applies to the entity?
IFRS 15 Revenue from Contracts with Customers	May 2014	1 January 2018	Not yet endorsed	(Unknown)	(Unknown)	(Unknown)	
Accounting for Acquisitions of Interests in Joint Operations ***(Amendments to IFRS 11)***	May 2014	1 January 2016	Not yet endorsed	(Unknown)	(Unknown)	(Unknown)	
Clarification of Acceptable Methods of Depreciation and Amortisation ***(Amendments to IAS 16 and IAS 38)***	May 2014	1 January 2016	Not yet endorsed	(Unknown)	(Unknown)	(Unknown)	
Bearer Plants ***(Amendments to IAS 16 and IAS 41)***	June 2014	1 January 2016	Not yet endorsed	(Unknown)	(Unknown)	(Unknown)	
IFRS 9 Financial Instruments (2014)	July 2014	1 January 2018	Not yet endorsed	(Unknown)	(Unknown)	(Unknown)	
Equity Method in Separate Financial Statements ***(Amendments to IAS 27)***	August 2014	1 January 2016 To be amended[3]	Not yet endorsed	(Unknown)	(Unknown)	(Unknown)	
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ***(Amendments to IFRS 10 and IAS 28)***	September 2014	1 January 2016	Not yet endorsed	(Unknown)	(Unknown)	(Unknown)	
Annual Improvements to IFRSs 2012–2014 Cycle	September 2014	1 January 2016	Not yet endorsed	(Unknown)	(Unknown)	(Unknown)	
Investment Entities: Applying the Consolidation Exception ***(Amendments to IFRS 10, IFRS 12 and IAS 28)***	December 2014	1 January 2016	Not yet endorsed	(Unknown)	(Unknown)	(Unknown)	

3 Postponed: waiting Exposure Draft from IASB

Appendix A: New and revised pronouncements

New or revised pronouncement	Issued by the IASB	IASB effective date (periods starting on or after)	Endorsed by the EU	EU effective date, if different	Earliest EU mandatory adoption year end[1]	Latest EU mandatory adoption year end[1]	Applies to the entity?
Disclosure Initiative ***(Amendments to IAS 1)***	December 2014	1 January 2016	Not yet endorsed	(Unknown)	(Unknown)	(Unknown)	

Notes to financial statements for the year ended 31 March 2015 (based on standards changing at that date)

2. Summary of significant accounting policies

New and amended IFRS standards and interpretations adopted

The following standards have been adopted by the entity/[Group] for the first time in this financial year:

- IAS 27 Separate Financial Statements (2011)
- IAS 28 Investments in Associates and Joint Ventures (2011)
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- Offsetting Financial Assets and Financial Liabilities *(Amendments to IAS 32)*
- Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
- Investment Entities *(Amendments to IFRS 10, IFRS 12 and IAS 27)*
- Recoverable Amount Disclosures for Non-Financial Assets *(Amendments to IAS 36)*
- Novation of Derivatives and Continuation of Hedge Accounting *(Amendments to IAS 39)*

The adoption of these revised standards has not had a material impact for the entity/[Group]'s result for the year and equity, other than IFRS 11 "Joint Arrangements".

IFRS 11 prohibits proportionate consolidation of joint ventures which was the Group's accounting policy, as allowed under IAS 31. Under IFRS 11, joint ventures must be equity accounted.

Under the transitional provisions, the value of the investment in the joint venture at the beginning of the prior period, as measured under IAS 31, is regarded as the deemed cost of the investment at initial recognition under IFRS 11.

While the net result and net assets have not changed, the presentation of the Consolidated Income Statement, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flow has changed significantly, as set out below. Earnings per Share are not affected.

Consolidated income statement

	31 March 2015	31 March 2014
	£'000	£'000
Increase/ (decrease) in revenue	(1,200)	(480)
Increase/ (decrease) in cost of sales	(1,000)	(400)
Increase/ (decrease) in gross profit	(200)	(80)
Increase/ (decrease) in administrative expenses	(10)	(5)
Increase/ (decrease) in operating profit	(190)	(75)
Increase/ (decrease) in share of profit of investments accounted for using the equity method	190	75

Consolidated balance sheet

	31 March 2015	31 March 2014
	£'000	£'000
Increase/ (decrease) in property, plant and equipment	(100)	(110)
Increase/ (decrease) in trade and other receivables	(300)	(250)
Increase/ (decrease) in cash and cash equivalents	(175)	(20)
Increase/ (decrease) in trade and other payables	(180)	(100)
Increase/ (decrease) in investments	395	280

Consolidated cash flow statement

	31 March 2015	31 March 2014
	£'000	£'000
Increase/ (decrease) in cash generated from operations	(175)	(20)
Increase/ (decrease) in net cash generated from operating activities	(175)	(20)
Increase/ (decrease) in cash and cash equivalents at end of year	(175)	(20)

Operating segment results will remain unchanged and will continue to proportionately consolidate joint ventures reflecting the internal reporting to the Group's Chief Operating Decision Maker with a reconciliation to the IFRS presented figures.

New IFRS standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 June 2015 and have not been applied in preparing these [consolidated] financial statements:

- Defined Benefit Plans: Employee Contributions *(Amendments to IAS 19)*
- Annual Improvements to IFRSs 2010 – 2012 Cycle
- Annual Improvements to IFRSs 2011 - 2013 Cycle
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- Accounting for Acquisitions of Interests in Joint Operations *(Amendments to IFRS 11)*
- Clarification of Acceptable Methods of Depreciation and Amortisation *(Amendments to IAS 16 and IAS 38)*
- Bearer Plants *(Amendments to IAS 16 and IAS 41)*

- IFRS 9 Financial Instruments (2014)
- Equity Method in Separate Financial Statements *(Amendments to IAS 27)*
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture *(Amendments to IFRS 10 and IAS 28)*
- Annual Improvements to IFRSs 2012–2014 Cycle
- Investment Entities: Applying the Consolidation Exception *(Amendments to IFRS 10, IFRS 12 and IAS 28)*
- Disclosure Initiative *(Amendments to IAS 1)*

The adoption of these standards, amendments and interpretations is not expected to have a material impact on the entity/[Group]'s result for the year or equity other than adopting IFRS 9 Financial Instruments (2014), issued in July 2014 with a mandatory adoption date for financial years beginning on or after 1 January 2018. This standard has not yet been endorsed by the EU.

IFRS 9 requires that entities whose trade receivables do not contain a significant financing component (such as ours), must recognise lifetime expected credit losses on initial recognition of those trade receivables. Under existing rules contained within IAS 39 impairment loss is only recognised to the extent that it has already been incurred.

This change in accounting policy will result in an increase in the bad debt provision. If the policy were adopted now, the bad debt provision would increase by £8k (2014: £10k) from £2,200k (2014: £2,700k) recognised under the current IAS 39 policy to £2,208k (2014: £2,710k).

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the entity/[Group].