



IFRS NEWS

A BRIEF OF KEY CHANGES TO INTERNATIONAL FINANCIAL REPORTING STANDARDS EFFECTIVE IN 2022

IFRS News—02/2022

Introduction



In developing new IFRS Standards and major amendments to IFRS Standards, the IASB carries out a research project to gather evidence about the problem to be solved and assess whether a feasible solution can be found before starting a standard-setting project. The Board may then move a research project to standard-setting to develop a new Standard or substantially amend an existing Standard.



Impact: The amendments and the IASB's Annual Improvements process addresses non-urgent, but necessary minor amendments to IFRS.



Effective date: The amendments are effective from 01 January 2022. Earlier application is permitted.

A brief of key changes to IFRS

Standard affected	Amendments	Detailed amendments	Before amendments
IFRS 9 – Financial Instruments	Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	Clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.	None
IAS 37 – Provisions, Contingent Liabilities and Contingent Assets	Onerous Contracts— Cost of Fulfilling a Contract	Specifies which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.	IAS 37 does not specify which costs to include in determining the cost of fulfilling a contract.
IAS 16 – Property, Plant and Equipment	Property, Plant and Equipment: Proceeds before Intended Use	Prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.	IAS 16 states that the cost of an item of property, plant and equipment includes the costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition (such as samples produced when testing equipment).

A brief of key changes to IFRS

Standard affected	Amendments	Detailed amendments	Before amendments
IFRS 1 – First-time Adoption of International Financial Reporting Standards	Subsidiary as a First-time Adopter	Simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.	None
IAS 41 – Agriculture	Taxation in Fair Value Measurements	Removed a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.	Including cash flows from taxation when measuring fair value.
IFRS 3 – Business Combinations	Refer to the Conceptual Framework for Financial Reporting	Added an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability, an entity applying IFRS 3 should instead refer to IAS 37 Provisions, Contingent Liabilities and Contingent Assets	Refer to the Framework for the Preparation and Presentation of Financial Statements adopted by the IASB in 2001 to definitions of assets and liabilities at the acquisition date.

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