

There has been a number of new standards and amendments issued by the IASB that will become effective from **1 January 2018**.

Standard or Interpretation	Details
<p>NEW STANDARD IFRS 9: Financial Instruments</p>	<p><i>Classification and Measurement:</i> This is now based on the business model whereas it was previously based on the type of instruments.</p> <p><i>New classes of instruments:</i></p> <ul style="list-style-type: none"> ➤ Financial Assets at Fair Value through Profit and Loss ➤ Amortised Cost ➤ Fair Value through Other Comprehensive Income ➤ Financial liabilities at Fair Value through profit and loss ➤ Amortised cost <p><i>Impairment:</i> Impairment loss is now calculated on the “expected credit loss” model whereas it was previously calculated using the incurred loss model.</p> <p><i>Hedging:</i> A hedge qualifies for hedge accounting if (i) There is an economic relationship between the hedging instrument and the hedge item; (ii) The effect of credit risk does not dominate the value changes that result from that economic relationship; (iii) The hedge ration is designated based on actual quantities of hedged item and the hedging instrument.</p> <p>A broader range of hedging instruments can be used, including any non-derivative financial asset or liability measured at fair value through profit or loss. Hedging of a risk component of a non-financial item is allowed if that component is separately identifiable and measurable.</p>
<p>NEW STANDARD IFRS 15: Revenue from contracts with customers</p>	<p>IFRS 15 introduces the 5-step model to be applied to all contracts with customers.</p> <ul style="list-style-type: none"> ➤ <i>Step 1: Identification of the contract.</i> The following 5 criteria must be met: <ul style="list-style-type: none"> - The contract has been approved in writing, orally, or in accordance with other customary business practices and the parties are committed to perform their obligations in the contract; - Each party’s rights regarding the goods or services to be transferred can be identified; - The payment terms for the goods or services to be transferred can be identified; - The contract has commercial substance (i.e. the risk, timing or amount of the vendor’s future cash flows is expected to change as a result of the contract); and - It is probable that the consideration for the exchange of the goods or services that the vendor is entitled to will be collected. For the purposes of this criterion, only the customer’s ability and intention to pay amounts when they become due are considered. ➤ <i>Step 2: Identification of separate performance obligations.</i> A promise within a contract is a performance obligation if it is a promise to a customer to transfer (a) A good or service (or a bundle of goods or services) that is distinct; or (b) A series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

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	<ul style="list-style-type: none"> ➤ <i>Step 3: Determining the transaction price.</i> The transaction price is the amount of consideration to which an entity expects to be entitled to in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, sales taxes). ➤ <i>Step 4: Allocating the transaction price to performance obligations.</i> The transaction price (as established in Step 3) is allocated to each performance obligation (or distinct good or service) that is determined in Step 2. This allocation is done based on the relative stand-alone selling price, except for: (a) The allocation of discounts; and (b) The allocation of consideration that includes variable amounts. ➤ <i>Step 5: Allocating the transaction price to performance obligations.</i> Revenue is recognized as performance obligations are satisfied by transferring promised goods or services. In the case of goods, performance obligations are satisfied when control of an asset is transferred to a customer.
<p>AMENDMENT IAS 28: Investment in Associates and Joint Ventures</p>	<p>The amendment clarifies whether an entity has an investment-by-investment choice for measuring investees at fair value in accordance with IAS 28 by a venture capital organisation, or a mutual fund, unit trust or similar entities including investment linked insurance funds. The amendment will be applied retrospectively.</p>
<p>AMENDMENT IAS 40: Investment Property</p>	<p>The amendment clarifies and provides more guidance for transfers of property under construction to Investment property. The amendment states that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. The amendment will be applied prospectively.</p>
<p>AMENDMENT IFRS 1: First time adoption</p>	<p>The amendment seeks to delete certain short term exemptions included in IFRS 1. The amendment will be applied prospectively.</p>
<p>AMENDMENT IFRS 2: Share based payments</p>	<p>The amendment provides requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The new standard will be applied prospectively.</p>
<p>NEW INTERPRETATION IFRIC 22: Foreign Currency Transactions and Advance Consideration</p>	<p>IFRIC 22 provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance. The Interpretation addresses how to determine the exchange rate to use on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability arising from advance consideration in a foreign currency. The amendment may be applied retrospectively or prospectively.</p>