

# Changes in this edition

*This section is a brief guide to the changes since the 2013 edition of the Bound Volume of International Financial Reporting Standards (the 'Red Book') that are incorporated in this edition.*

## Introduction

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This volume includes the latest consolidated versions of all International Financial Reporting Standards, including IFRSs, IASs and Interpretations.

This volume includes amendments to Standards that have an effective date after 1 January 2014. Readers seeking only the consolidated text of Standards that are effective on 1 January 2014 should refer to the Blue Book.

## New requirements since the 2013 Red Book

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The following are the main changes made since 1 January 2013:

- amendments to the following Standards: IFRS 7, IFRS 9, IAS 19, IAS 36 and IAS 39;
- two sets of Annual Improvements;
- one new Interpretation—IFRIC 21 *Levies*; and
- IFRS Foundation *Constitution* and *Due Process Handbook*

## Amendments to IFRSs issued as separate documents

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### IFRS 9 *Financial Instruments* (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)

IFRS 9 *Financial Instruments* was issued in November 2009 as the first phase in a project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. It addresses the classification and measurement of financial assets. At that point of issue, IFRS 9 was required to be applied for annual periods beginning on or after 1 January 2013 (this effective date was subsequently altered) with earlier application permitted. In October 2010 sections were added to IFRS 9 addressing financial liabilities. The derecognition requirements in IAS 39 were also transferred to IFRS 9. The effective date was not amended. Again, earlier application is permitted. In December 2011 *Mandatory Effective Date and Transition Disclosure* (Amendments to IFRS 9 (2009), IFRS 9 (2010) and IFRS 7) extended the effective date from 1 January 2013 to 1 January 2015 (with earlier application still permitted).

IFRS 9 *Financial Instruments* (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) was published in November 2013 and introduced a Hedge Accounting chapter to IFRS 9. Consequential changes to IFRS 9, IFRS 7 and IAS 39 were made. One of the consequential amendments is to remove the mandatory effective date of IFRS 9. A mandatory effective date is expected to be set when the revised classification and measurement proposals and the expected credit loss proposals are finalised.

### Recoverable Amount Disclosures for Non-Financial Assets

*Recoverable Amount Disclosures for Non-Financial Assets* (Amendments to IAS 36) was issued in May 2013. The amendments require the disclosure of information about the recoverable amount of impaired assets, if that amount is based on fair value less costs of disposal. They also require the disclosure of additional information about that fair value measurement. In addition, if the recoverable amount of impaired assets based on fair value less costs of disposal was measured using a present value technique, the amendments also require the disclosure of the discount rates that have been used in the current and previous measurements. The amendments are required to be applied for annual periods beginning on or after 1 January 2014. Earlier application is permitted.

## Novation of Derivatives and Continuation of Hedge Accounting

*Novation of Derivatives and Continuation of Hedge Accounting* (Amendments to IAS 39) was issued in June 2013. It introduces a narrow-scope exception to the requirement for the discontinuation of hedge accounting in IAS 39 *Financial Instruments: Recognition and Measurement*. Specifically, the amendments provide relief from discontinuing hedge accounting when novation of a derivative as a hedging instrument meets specified criteria. The amendments are required to be applied retrospectively for periods beginning on or after 1 January 2014. Earlier application is permitted.

## Defined Benefit Plans: Employee Contributions

*Defined Benefit Plans: Employee Contributions* (Amendments to IAS 19) was issued in November 2013. It introduces a narrow-scope amendment to simplify the requirements for contributions from employees or third parties to a defined benefit plan, when those contributions are applied to a simple contributory plan that is linked to service. The amendments are required to be applied for annual periods beginning on or after 1 July 2014. Earlier application is permitted.

## Annual Improvements

*Annual Improvements to IFRSs 2010–2012 Cycle* was issued in December 2013. The eight amendments related to seven Standards.

Standard	Subject of amendment
IFRS 2 <i>Share-based Payment</i>	Definition of vesting condition
IFRS 3 <i>Business Combinations</i>	Accounting for contingent consideration in a business combination
IFRS 8 <i>Operating Segments</i>	Aggregation of operating segments
	Reconciliation of the total of the reportable segments' assets to the entity's assets
IFRS 13 <i>Fair Value Measurement</i>	Short-term receivables and payables
IAS 16 <i>Property, Plant and Equipment</i>	Revaluation method—proportionate restatement of accumulated depreciation
IAS 24 <i>Related Party Disclosures</i>	Key management personnel
IAS 38 <i>Intangible Assets</i>	Revaluation method—proportionate restatement of accumulated amortisation

*Annual Improvements to IFRSs 2011–2013 Cycle* was issued in December 2013. The four amendments related to four Standards.

Standard	Subject of amendment
IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>	Meaning of 'effective IFRSs'.
IFRS 3 <i>Business Combinations</i>	Scope exceptions for joint ventures.

Standard	Subject of amendment
IFRS 13 <i>Fair Value Measurement</i>	Scope of paragraph 52 (portfolio exception).
IAS 40 <i>Investment Property</i>	Clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

Both sets of amendments are required to be applied for annual periods beginning on or after 1 July 2014. Earlier application of each amendment is permitted.

## **New pronouncement**

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### **IFRIC 21 *Levies***

IFRIC 21 *Levies* was issued in May 2013. IFRIC 21 is an Interpretation of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an 'obligating event'). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 includes guidance illustrating how it should be applied. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted.

### **New IFRS Foundation Constitution and Due Process Handbook**

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A revised *Constitution* for the IFRS Foundation and a revised *IFRS Foundation Due Process Handbook*, which includes the due process for the IASB and the IFRS Interpretations Committee, were approved by the Trustees in January 2013. These have been included in this publication.

### **Other material that has changed**

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The *Glossary of Terms* has been revised.

Minor editorial corrections to Standards and Interpretations (including necessary updating) have been made; a list of these is available on the website.