Global IFRS external

December year-end accounting reminders – IFRS

December 2020

This information is extracted from Viewpoint. More information is available under the **Latest updates/IFRS year end** *reminders which are updated in real-time.*

Introduction

This publication relates to reporting requirements as at 31 December 2020. The first section on Topical issues includes items that you might want to consider for this year end but you should note that these items are updated real time on **PwC's Viewpoint** (see viewpoint.pwc.com).

The second part of the document includes the standards and interpretations that are newly applicable for 31 December year ends.

The final part of the document includes the standards and interpretations that are effective in the future but as per paragraph 30 of IAS 8 need to be disclosed.

Topical issues

Climate change

The FRC (UK regulator) issued its **thematic review inspection report** on climate change on 10 November 2020.

In this thematic review, the FRC has looked at all aspects of climate change reporting and auditing, including the role of boards, companies, auditors, professional associations and investors in considering and responding to climate-related issues – as each has the capacity to act as a driver of change. The review concludes that all parties need to do more.

Alongside this report, the FRC published a suite of more detailed reports relating to governance, corporate reporting, audit, professional oversight and investor reporting and TCFD disclosures. These detailed reports are useful tools for discussion with audit stakeholders.

The FRC has concluded that to move forward with climate change reporting, a reporting framework is needed, and therefore it supports the introduction of global standards on non-financial reporting and will engage with organisations working to achieve that goal.

The FRC highlighted the following in relation to reporting:

- An increasing number of companies provide narrative reporting on climate-related issues. While minimum legal reporting requirements are often met, users are calling for additional disclosure to inform their decision making;
- Some companies have set strategic goals such as 'net zero', but it is unclear from their reporting how progress towards these goals will be achieved, monitored or assured; and

- Consideration and disclosure of climate change matters in the financial statements ('back half') lags behind narrative reporting in the 'front half' leading to inconsistencies. The review identified areas of potential non-compliance with the requirements of International Financial Reporting Standards.

This is underpinned by a **detailed report** which outlines how companies are developing their reporting on climate-related challenges. Users are calling for additional disclosures by management to inform their decision making.

Brexit

For some entities, the implementation period (IP) completion date on 31 December might introduce additional risks that should be factored into reporting. The reporting areas to consider are much the same as for COVID-19 and Climate Change, refer to sections above with both accounting and front half reporting implications. See **In depth INT2020-07** for further details.

IFRS 16 amendment in light of COVID-19

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

The practical expedient only applies to rent concessions for lessees (but not lessors) occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

The amendments are mandatory for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in interim or year end financial statements not yet authorised for issue at 28 May 2020 to permit application of the relief as soon as possible.

Please refer to PwC **In depth INT2020-05** for further guidance.

Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amendments IBOR reform

Following the financial crisis, the replacement of benchmark interest rates such as LIBOR and other interbank offered rates ('IBORs') has become a priority for global regulators. Many uncertainties remain but the roadmap to replacement is becoming clearer. The IASB has embarked on a two-phase project to consider what, if any, reliefs to give from the effects of IBOR reform. The Phase 1 amendments, issued in September 2019, provided temporary reliefs from applying specific hedge accounting requirements to relationships affected by uncertainties arising as a result of IBOR reform ('the Phase 1 reliefs'). The Phase 2 amendments that were issued on 27 August 2020 address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

The Phase 1 amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform. The key reliefs provided by the amendments relate to:

1. Risk components.
2. 'Highly probable' requirement.
3. Prospective assessments (economic relationship or expected to be 'highly effective').
4. IAS 39 retrospective effectiveness test.
5. Recycling of the cash flow hedging reserve.

The amendments prescribe when each of the reliefs will prospectively cease.

In general, the reliefs end at the earlier of (a) when there is no longer uncertainty arising from IBOR reform over the timing or amount of the IBOR-based cash flows of the relevant item, and (b) when the hedging relationship to which the relief is applied is discontinued. More specifically the reliefs cease as follows:

- There is no end date for the relief on risk components.
- The 'highly probable' requirement – at the earlier of (a) when there is no longer uncertainty arising from IBOR reform over the timing or amount of the IBOR-based cash flows of the hedged item, and (b) when the hedging relationship of which that the hedged item is part is discontinued.
- Prospective assessments (expected to be highly effective or economic relationship) – for each of the hedging instrument and the hedged item: when there is no longer uncertainty arising from IBOR reform over the timing or amount of the IBOR-based cash flows or hedged risk of the hedged item or hedging instrument. This means that the relief could end at different times for the hedging instrument and the hedged item. However, if the hedging relationship is discontinued earlier than this date, this relief ceases to apply at the date of hedge discontinuation.
- Retrospective effectiveness test (IAS 39 only) – at the earlier of (a) when there is no longer uncertainty arising from IBOR reform over the hedged risk and the timing and amount of the IBOR-based cash flows, of both the hedged item and the hedging instrument, and (b) when the hedging relationship to which the relief is applied is discontinued.
- Recycling of the cash flow hedge reserve – at the earlier of (a) when there is no longer uncertainty arising from IBOR reform over the timing or amount of the IBOR-based cash flows of the hedged item, and (b) when the entire amount in the cash flow hedge reserve for a discontinued hedging relationship has been recycled to profit or loss.

The amendments require disclosure of:

- the significant interest rate benchmarks to which the entity's hedging relationships are exposed;
- the extent of the risk exposure that the entity manages that is directly affected by the interest rate benchmark reform;
- how the entity is managing the process of transition to alternative benchmark rates;
- a description of significant assumptions or judgements that the entity made in applying the reliefs (for example, assumptions or judgements about when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows); and
- the nominal amount of the hedging instruments in those hedging relationships.

The amendments are mandatory and should be applied for annual periods beginning on or after 1 January 2020. Earlier application is permitted.

The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform:

1. **Accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform.**

   For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, no immediate gain or loss is recognised.

   This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis. Insurers applying the temporary exemption from IFRS 9 are also required to apply the same practical expedient. IFRS 16 was also amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform (for example, where lease payments are indexed to an IBOR rate).

2. **End date for Phase 1 relief for non contractually specified risk components in hedging relationships**

   The Phase 2 amendments require an entity to prospectively cease to apply the Phase 1 reliefs to a non contractually specified risk component at the earlier of when changes are made to the non contractually specified risk component, or when the hedging relationship is discontinued. No end date was provided in the Phase 1 amendments for risk components.

3. **Additional temporary exceptions from applying specific hedge accounting requirements**

Changes to designations and hedge documentation	When the Phase 1 reliefs cease to apply, entities are required to amend the hedge documentation to reflect changes that are required by IBOR reform by the end of the reporting period during which the changes are made. Such amendments do not constitute a discontinuation.
Amounts accumulated in the cash flow hedge reserve	When amending the description of a hedged item in the hedge documentation, the amounts accumulated in the cash flow hedge reserve are deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
Retrospective effectiveness test (IAS 39 only)	For the purposes of assessing the retrospective effectiveness of a hedge relationship on a cumulative basis, an entity may, on an individual hedge basis, reset to zero the cumulative fair value changes of the hedged item and hedging instrument when ceasing to apply the retrospective effectiveness assessment relief provided by the Phase 1 amendments.
Groups of items	When amending the hedge relationships for groups of items, hedged items are allocated to sub-groups based on the benchmark rate being hedged, and the benchmark rate for each sub-group is designated as the hedged risk.
Risk components – separately identifiable requirement	An alternative benchmark rate designated as a non-contractually specified risk component, that is not separately identifiable at the date when it is designated, is deemed to have met the requirements at that date if the entity reasonably expects that it will meet the requirements within a period of 24-months from the date of first designation. The 24-month period will apply to each alternative benchmark rate separately. The risk component will, however, be required to be reliably measurable.

4. **Additional IFRS 7 disclosures related to IBOR reform**

   The amendments require disclosure of: (i) how the entity is managing the transition to alternative benchmark rates, its progress and the risks arising from the transition; (ii) quantitative information about derivatives and non-derivatives that have yet to transition, disaggregated by significant interest rate benchmark; and (iii) a description of any changes to the risk management strategy as a result of IBOR reform.

The amendments are mandatory and should be applied for annual periods beginning on or after 1 January 2021. Earlier application is permitted.

The amendments are subject to endorsement in the EU/EEA, and the EU is following an accelerated process with a view to endorsement in time for use via early adoption for December 2020 year ends. We understand the FRC has plans in place for UK endorsement if EU endorsement does not occur prior to the UK exiting the EU.

This **IFRS Talks podcast** explains the latest and what clients can do now in response to Phase 1 of IBOR reform. For further details refer to PwC **In depth INT2019-04**: Practical guide to Phase 1 amendments IFRS 9, IAS 39 and IFRS 7 (IBOR) reform, and PwC **In depth INT2020-06**: Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – interest rate benchmark (IBOR) reform.

Supplier finance arrangements

We continue to see a large number of questions around the accounting for supplier financing arrangements, and ever more complicated arrangements involving special purpose vehicles, charitable trusts with companies having both payables and investments tied up in the arrangements. Such arrangements raise the question of whether the trade payables that are the subject of the supplier financing should be derecognised and replaced by a bank borrowing and whether any investment vehicles should be consolidated by the entity. Given the incidences of high profile corporate failures such as Carillion in the UK, accounting correctly for supplier financing arrangements has attracted significant attention from the regulators, with focus, amongst other areas, on a company's source of finances. This includes whether a company has made material use of supplier finance, if this is transparent from the annual report, whether related balances are appropriately presented as bank debt or trade creditors and whether subsequent cash flows are appropriately presented in the statement of cash flows.

In September 2019, the UK FRC's Financial Reporting Lab published a **report** on disclosures of sources and uses of cash.

This includes an appendix on the subject of supplier finance which provides, among other things, an illustrative example of good disclosure. The FRC note that IFRS 7 'Financial Instruments: Disclosures' requires companies' accounts to disclose information that allows readers to understand the nature of and risks around financial instruments, including liquidity risk and that IAS 1 requires companies to consider whether balances are financing or working capital in nature and present them accordingly. It is clear that they expect these requirements to lead companies to disclose the nature of any material supplier financing arrangements, the implications for the company's liquidity and the relevant amounts, along with any significant accounting judgements.

In February 2020, the IFRS IC has also been asked to consider both the accounting and disclosure of supply chain finance in corporate entities. Their initial discussions are expected to take place shortly.

The level of disclosure that the FRC has indicated it expects with regards to supplier finance arrangements may be greater than the disclosures currently provided by many companies. Companies and engagement teams may wish to revisit existing disclosures and consider if they wish to include any additional disclosures in light of regulator communication and stakeholder attention to this area.

Further guidance on supplier finance arrangements and indicators of extinguishment are available in chapter 44 of the **IFRS Manual of Accounting** and **PwC's practice aid**.

The accounting for supplier finance arrangements will depend on the exact facts and circumstances relating to them.

In addition entities should consider how the accounting for supplier finance arrangements is impacted by COVID-19. Further guidance is available in PwC In depth INT 2020-02 **FAQ 3.5.1**.

Debt and derivative restructurings

We continue to see a large number of questions on the restructuring of issued debt instruments, for example loan facilities or bond financing and modification of derivatives to take advantage of low interest rates. This is a complex area of accounting which can require significant judgement. To assist engagement teams in understanding the potential issues, some of the key accounting considerations (under IAS 39 and IFRS 9) are summarised below.

Relevant guidance (under IAS 39 and IFRS 9) is provided in **IFRS MoA** paras 44.106 – 44.110.

- Determining whether the new and old debt have substantially different terms – Under IFRS 9, where a financial liability is exchanged or its terms are modified but the liability remains between the same borrower and the same lender, it is necessary to assess if the terms are substantially different. If they are substantially different, the transaction should be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

- Treatment of gain or loss on modification/extinguishment of debt. In October 2017 the IASB confirmed that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39
- Treatment of fees incurred as part of the renegotiation – whether the fees should be recognised immediately or whether they can be capitalised. (**IFRS MoA** paras 44.117 – 44.119)
- Use of an Intermediary – A corporate entity may use a bank as an intermediary when restructuring its debt. For example, when a corporate wants to change the terms or maturity date of an existing bond, it may use a bank as an intermediary to buy back the original bonds and then sell the modified bonds to investors.

  The accounting for this is complex. A key accounting consideration in this situation is whether the bank is acting as an agent or as principal, which is highly judgmental. If the bank is not acting as principal the corporate would have to treat the modification of the bonds as an extinguishment with any gains/losses recognised in profit and loss.
- Modifications when a credit facility is undrawn. Treatment of a gain or loss arising on modification of derivatives, particularly where no cash payment or receipt is made at the time of the modification. There is often a difference in value due to changes in credit spreads or bank profit margins. This value change does not relate to any existing or future hedge relationships and, if unobservable, that is not directly related to changes in market conditions, should not be recognised in profit or loss immediately.

Regulatory non financial asset interest and key reminders for impairment reviews

Impairment is an ongoing area of concern for many of our clients. Regulators remain focused on this area and continue to push for increased transparency in disclosures. Groups holding significant amounts of goodwill and intangibles are at greater risk of a regulatory challenge to their impairment assessments and in particular the related disclosures.

For COVID-19 specific considerations on impairment refer to the first section of this document and to this **In depth** which considers the impact of the new coronavirus ('COVID-19' or 'the virus') on non financial assets for periods ending after 31 December 2019 of entities whose business is affected by the virus.

The key points in impairment testing are:

- For the value-in-use (VIU) model key assumptions should stand up against external market data. Cash flow growth assumptions should be comparable with up-to-date economic forecasts.
- In times of greater uncertainty, it is likely to be easier to incorporate these uncertainties in impairment testing by using multiple cash-flow scenarios and applying relative probability weightings to derive a weighted average set of cash flows rather than using a single central forecast and attempting to risk adjust the discount rate to reflect the higher degree of uncertainty in the environment.
- IAS 36 requires that the VIU model uses pre-tax cash flows discounted using a pre-tax discount rate. In practice, post-tax discount rates and cash flows are used which theoretically give the same answer but the need to consider deferred taxes makes this very complicated to achieve. Therefore if a post-tax VIU model results in a 'near miss' the next step should be to determine fair value less costs of disposal (FVLCD).

- The fair value model, which is a post-tax model, must use market participant assumptions, rather than those of management.
- In assessing for impairment, the carrying value should be determined on a consistent basis as the recoverable amount. For example:
  - Where the recoverable amount is determined using the fair value model, the carrying amount tested should include current and deferred tax assets/liabilities (but exclude assets for tax losses, because these are treated as separate transactions).
  - Where the VIU model (i.e. pre-tax) is applied, deferred tax assets should not be added to the carrying value and deferred tax liabilities should not be deducted (i.e. are not included in the carrying amount of the CGU). This could result in the carrying value for VIU being higher than the carrying value for FVLCD. However, in situations where there is significant deferred tax upfront, an IAS 36 VIU test may not be the most appropriate method to determine the recoverable amount of a CGU.

The required disclosures in IAS 36 are extensive. IAS 36 requires disclosure of the key assumptions (those that the recoverable amount is most sensitive to) and related sensitivity analysis. Note also IAS 1 para 125 requires disclosure of critical accounting judgements and of key sources of estimation uncertainty. Where a reasonable possible change in key assumptions would reduce the headroom (excess of the recoverable amount over the carrying amount) of a CGU to nil, it is required to disclose this headroom.

Where the headroom is sensitive to changes in key assumptions, an entity would need to disclose the specific changes in assumptions that would erode headroom to nil (+/– x% in sales growth or discount rates). However, in cases where no reasonably possible change would either erode headroom for CGUs when testing goodwill or give rise to a material adjustment to any carrying value in the next year, companies should take care that additional sensitivity disclosures do not give the wrong impression or become confusing to users.

Given the increased uncertainty and volatility in many markets at present, the range of reasonably possible changes has widened which means that more extensive impairment disclosures will be required.

Key assumptions and wider ranging assumptions covering multiple Cash Generating Units ('CGUs') should be clearly disclosed. Where material, assumptions specific to each CGU should be identified. Changes to assumptions used, such as the discount rate, which has changed significantly from the previous year should be explained. Furthermore, in an impairment case, the entities would need to clearly disclose what the cause of the impairment was and whether this is based on external data or changes in the company's own estimates. An entity with a material impairment loss or reversal additionally need to disclose the recoverable amount of the asset(s) or CGU(s) affected (IAS 36 para 130 [e]).

Regulators have observed that, whilst the long-term growth rate used to extrapolate cash flow projections (to estimate a terminal value) and the pre-tax discount rate are important; they are not 'key assumptions' on which the cash flow projections for the period covered by the most recent budgets or forecasts are based. Therefore, attention should also be paid to the discrete growth rate assumptions applied to the cash flows projected to occur before the terminal period. Accounting policy disclosures should always be consistent with the basis used in the according impairment test. The regulators have pointed out, that they will continue to challenge companies where the recoverable amount is measured using VIU, but the cash flow forecasts appear to include the benefits of developing new business or to rely on future investment capacity.

Key points to consider for impairment related disclosures in 2020 accounts:

- Brexit and other political/ macroeconomic risks
- Climate change and environmental impact
- Impact of Coronavirus
- Interaction with IFRS 16.

For more tips on impairment reviews of non-financial assets, refer to In depth **INT2015-08**.

Additional considerations with the implementation of IFRS 16

With the implementation of IFRS 16, there had been some effects on IAS 36 accounting for impairments of non-financial assets, which includes right of use assets. The adoption of IFRS 16 might result in a reduction in headroom if the change in value in use discounted cash flows is lower than the increase in CGU assets being tested. This depends on the interaction of increased expected cash flows and lower discount rates.

- There will be more assets in the CGU as it now includes right of use assets
- There could be a change in gross cash flows because the lease payments that are part of the lease liability are excluded. Although these could be offset by an increase in cash outflows to replace leased assets where the lease term is shorter than the time period within the value in use model
- The discount rate could be lower due to the impact of lease liabilities when determining the debt:equity mix.
- If the increase in present value cash flows is lower than the increase in CGU assets being tested, headroom will reduce.

Standards and IFRICs newly applicable for companies with 31 December 2020 year ends

Standards and IFRICs newly applicable for companies with 31 December 2020 year ends are set out below:

Amendments to IFRS 3 – definition of a business

This **amendment** revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. For further details see **In brief 2018-13**.

Amendments to IAS 1 and IAS 8 on the definition of material

These **amendments** to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information. For further details see **In brief 2018-14**.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform

These **amendments** provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries. For further details see **In brief INT2019-11**.

New IFRS standards effective after 1 January 2021

Under paragraph 30 of IAS 8, entities need to disclose any new IFRSs that are issued but not yet effective and that are likely to impact the entity. This summary includes all new standards and amendments issued before 31 December 2020 with an effective date beginning on or after 1 January 2021. These standards can generally be adopted early, subject to EU endorsement in some countries.

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions	As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an **amendment** to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. See **In depth INT2020-05** for details.
Published	May 2020
Effective date	Annual periods beginning on or after 1 June 2020
EU endorsement status	Endorsed
Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9	These **amendments** defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.
Published	June 2020
Effective date	Annual periods beginning on or after 1 January 2021
EU endorsement status	Endorsed
Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	The **Phase 2 amendments** address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. For further details see PwC **In depth INT2020-06**.
Published	August 2020
Effective date	Annual periods beginning on or after 1 January 2021
EU endorsement status	Not yet endorsed

Amendments to IAS 1, Presentation of financial statements' on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. For further details see In brief INT2020-03.
Published	January 2020
Effective date	Annual periods beginning on or after 1 January 2022
EU endorsement status	Not yet endorsed

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' 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 recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.
Published	May 2020
Effective date	Annual periods beginning on or after 1 January 2022
EU endorsement status	Not yet endorsed

IFRS 17, 'Insurance contracts'	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. See In depth 2017-04. IFRS 17 marks a new epoch for insurance contracts accounting.
Published	May 2017
Effective date	Annual periods beginning on or after 1 January 2023
EU endorsement status	Not yet endorsed