Standards/Interpretations Issued Not Yet Effective as at

23 January 2020

IAS 8 requires that when an entity has not applied a new Standard or Interpretation that has been issued but is not yet effective, the entity shall disclose:

(a) this fact; and
(b) known or reasonably estimable information relevant to assessing the possible impact that application of the new Standard or Interpretation will have on the entity's financial statements in the period of initial application.

The standard requires you to consider the following in your disclosure:

(a) the title of the new Standard or Interpretation;
(b) the nature of the impending change or changes in accounting policy;
(c) the date by which application of the Standard or Interpretation is required;
(d) the date as at which it plans to apply the Standard or Interpretation initially; and
(e) either:
  - a discussion of the impact that initial application of the Standard or Interpretation is expected to have on the entity's financial statements; or
  - if that impact is not known or reasonably estimable, a statement to that effect.

(f) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment:
  - for each financial statement line item affected; and
  - if IAS 33 Earnings per Share applies to the entity, for basic and diluted earnings per share.

Below is a list of the current standards and interpretations that have been issued, but may not be effective. Please ensure your disclosure is updated for any new Standards or Interpretations that apply to you.

Standard	Details of amendment	Annual periods beginning on or after
IFRS 1 *First-time Adoption of International Financial Reporting Standards*	• *Annual Improvements 2014-2016 Cycle:* Deletion of short-term exemptions that are no longer applicable.	1 January 2018
IFRS 2 *Share-based Payment*	• *Classification and Measurement of Share-based Payment Transactions:* A collection of three distinct narrow-scope amendments dealing with classification and measurement of share-based payments. The amendments address: ○ the effects of vesting conditions on the measurement of a cash-settled share-based payment; ○ the accounting requirements for 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; and ○ classification of share-based payment transactions with net settlement features.	1 January 2018

Standard	Details of amendment	Annual periods beginning on or after
IFRS 3 *Business Combinations*	• *Annual Improvements 2015 - 2017 Cycle:* Clarification that when an entity obtains control of a business that is a joint operation, it is required to remeasure previously held interests in that business. • *Definition of Business:* The amendments: ○ confirmed that a business must include inputs and a process, and clarified that: – the process must be substantive; and – the inputs and process must together significantly contribute to creating outputs. ○ narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and ○ added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.	1 January 2019 1 January 2020
IFRS 4 *Insurance Contracts*	• *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts:* Two amendments to IFRS 4 to address the interaction between IFRS 4 and IFRS 9: ○ A temporary exemption from IFRS 9 has been granted to insurers that meet specified criteria; and ○ An optional accounting policy choice has been introduced to allow an insurer to apply the overlay approach to designated financial assets when it first applies IFRS 9	1 January 2018

Standard	Details of amendment	Annual periods beginning on or after
IFRS 7 *Financial Instruments: Disclosures*	• *Interest Rate Benchmark Reform:* The amendments to IFRS 9, IAS 39 and IFRS 7 amend requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting. ○ The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. ○ In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.	1 January 2020
IFRS 9 *Financial Instruments*	• A final version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition: ○ IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and its cash flow characteristics. A new business model was introduced which allows certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. ○ The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. ○ The new standard introduces a single "expected credit loss" impairment model for the measurement of financial assets. ○ IFRS 9 contains a new model for hedge accounting that aligns the accounting	1 January 2018 *IFRS 9 (2014) supersedes any previous versions of IFRS 9, but earlier versions of IFRS 9 remain available for application if the relevant date of application is before 1 February 2015*

Standard	Details of amendment	Annual periods beginning on or after
	treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements. ◦ IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.	
	• *Prepayment Features with Negative Compensation.* The narrow-scope amendment allows companies to measure particular prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met.	1 January 2019
	• *Interest Rate Benchmark Reform:* The amendments to IFRS 9, IAS 39 and IFRS 7 amend requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting. ◦ The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. ◦ In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.	1 January 2020

Standard	Details of amendment	Annual periods beginning on or after
IFRS 10 *Consolidated Financial Statements*	• *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*: Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	The effective date of this amendment has been deferred indefinitely until further notice
IFRS 11 *Joint Arrangements*	• *Annual Improvements 2015 – 2017 Cycle*: Clarification that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.	1 January 2019
IFRS 15 *Revenue from Contracts from Customers*	• New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five-step methodology that is required to be applied to all contracts with customers. • The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. • The new standard supersedes: (a) IAS 11 Construction Contracts; (b) IAS 18 Revenue; (c) IFRIC 13 Customer Loyalty Programmes; (d) IFRIC 15 Agreements for the Construction of Real Estate; (e) IFRIC 18 Transfers of Assets from Customers; and (f) SIC-31 Revenue—Barter Transactions Involving Advertising Services.	1 January 2018

Standard	Details of amendment	Annual periods beginning on or after
IFRS 16 *Leases*	• IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. • IFRS 16 contains expanded disclosure requirements for lessees. • IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. • IFRS 16 supersedes the following Standards and Interpretations: (a) IAS 17 Leases; (b) IFRIC 4 Determining whether an Arrangement contains a Lease; (c) SIC-15 Operating Leases—Incentives; and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.	1 January 2019

Standard	Details of amendment	Annual periods beginning on or after
IFRS 17 *Insurance contracts*	• IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS. • IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and take into account any uncertainty relating to insurance contracts. • The financial statements of an entity will reflect the time value of money in estimated payments required to settle incurred claims. • Insurance contracts are required to be measured based only on the obligations created by the contracts. • An entity will be required to recognise profits as an insurance service is delivered, rather than on receipt of premiums. • This standard replaces IFRS 4 – Insurance contracts.	1 January 2021
IAS 1 *Presentation of Financial Statements*	• *Definition of Material*: The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. • *Classification of Liabilities as Current or Non-current*: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.	1 January 2020 1 January 2022
IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*	• *Definition of Material*: The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.	1 January 2020
IAS 12 *Income Taxes*	• *Annual Improvements 2015 - 2017 Cycle*: Clarification that all income tax consequences of dividends should be recognised in profit or loss, regardless how the tax arises.	1 January 2019

Standard	Details of amendment	Annual periods beginning on or after
IAS 19 *Employee Benefits*	• *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19):* The amendments require an entity to use the updated assumptions from a remeasurement net defined benefit liability or asset resulting from a plan amendment, curtailment or settlement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan.	1 January 2019
IAS 23 *Borrowing Costs*	• *Annual Improvements 2015 -2017 Cycle*: The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	1 January 2019
IAS 28 *Investments in Associates and Joint Ventures*	• *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*: Narrow scope amendment to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. • *Annual Improvements 2014-2016 Cycle:* Clarification that a venture capital organisation, or a mutual fund, unit trust and similar entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture. • *Long-term interest in Associates and Joint Ventures:* Clarification provided that an entity should apply IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	The effective date of this amendment has been deferred indefinitely until further notice 1 January 2018 1 January 2019

W. CONSULTING

Standard	Details of amendment	Annual periods beginning on or after
IAS 39 *Financial Instruments: Recognition and Measurement*	• *Interest Rate Benchmark Reform:* The amendments to IFRS 9, IAS 39 and IFRS 7 amend requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting. ○ The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. ○ In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.	1 January 2020
IAS 40 *Investment Property*	• *Transfers of Investment Property:* Clarification of the requirements on transfers to, or from, investment property.	1 January 2018

Interpretations		Annual periods beginning on or after
IFRIC 22 *Foreign Currency Transactions and Advance Consideration*	• This interpretation addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency.	1 January 2018
IFRIC 23 *Uncertainty over Income Tax Treatments*	• The interpretation specifies how an entity should reflect the effects of uncertainties in accounting for income taxes.	1 January 2019

For more information, visit us at

www.wconsulting.co.za

W. CONSULTING