

IFRS: New standards

Are you prepared?

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IN THE HEADLINES

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Be prepared for the new standards

Each quarter, we provide a summary of newly effective and forthcoming standards. This edition covers financial years ending on or after 31 December 2014, including interim periods within those financial years.

Companies with 31 December 2014 financial year ends will be preparing their annual financial statements considering the consequential effects of newly effective and forthcoming standards. Among others, investment entities will now apply the investment entities amendments and benefit from the consolidation relief.

Companies also need to consider the amendments to the share-based payments and business combinations standards included in the 2010–2012 cycle of annual improvements to IFRS. This is because the changes are effective for grant dates and dates of acquisition, respectively, on or after 1 July 2014.

Moving on to new developments this quarter, amendments to the consolidation suite¹ address a long-standing conflict between consolidation and equity accounting when a

parent loses control of a subsidiary in a transaction with an associate or joint venture. In addition, the 2012–2014 cycle of annual improvements includes, for example, amendments clarifying the requirements for changes in the method of disposal of an asset or a disposal group under IFRS 5 and employee benefit amendments on determining the applicable discount rate in a regional market sharing the same currency – e.g. the eurozone.

Looking farther ahead, the few standards that will become effective in 2015 will bring rather insignificant changes compared with the numerous major standards in the past two years. This is a chance to prepare for implementation of the upcoming bigger changes such as the new revenue and financial instruments standards, which will become effective in 2017 and 2018, respectively.

1. Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*.

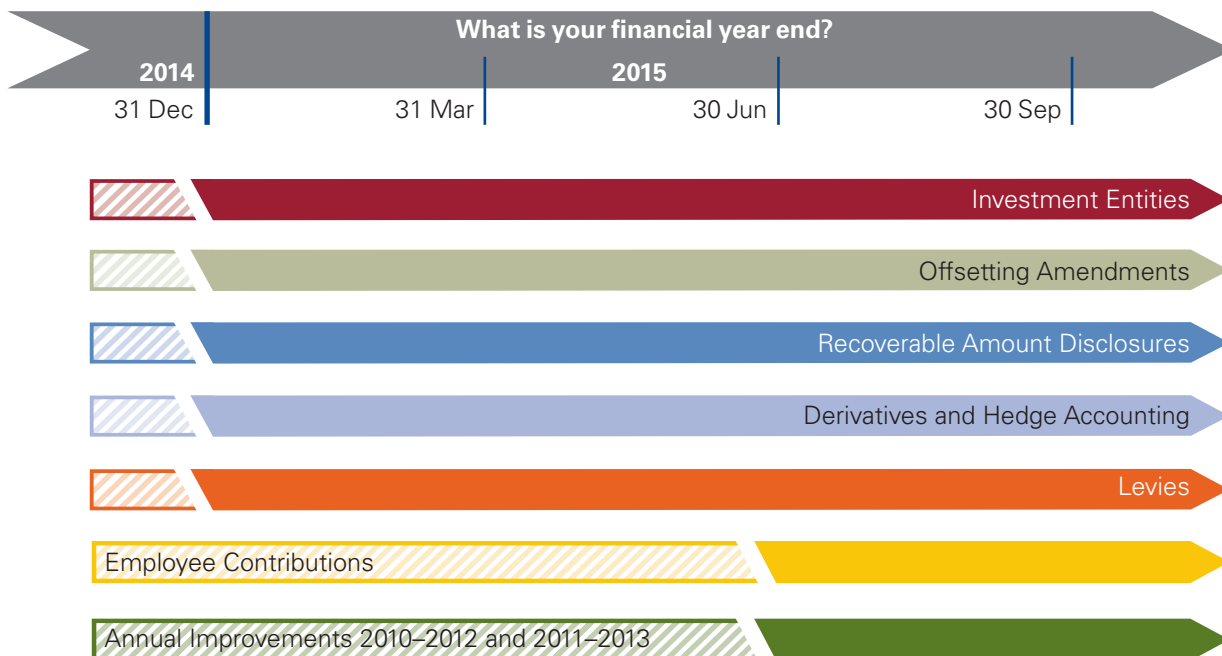
Newly effective standards

The effective standards that need to be considered for financial years ending on or after 31 December 2014 are listed below.

Effective for years ending	Standards	KPMG's guidance	Key
31 December 2014	<i>Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)</i>	First Impressions: Consolidation relief for investment funds	
	<i>Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)</i>	<i>Insights into IFRS</i> (chapter 7.8)	
	<i>Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)</i>	IFRS Breaking News	
	<i>Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)</i>	In the Headlines – Issue 2013/13	
	IFRIC 21 <i>Levies</i>	In the Headlines – Issue 2013/09	
30 June 2015	<i>Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)</i>	In the Headlines – Issue 2013/20	
	<i>Annual Improvements to IFRSs 2010–2012 Cycle</i> – various standards ²	IFRS Newsletter: The Balancing Items – Issue 6	
	<i>Annual Improvements to IFRSs 2011–2013 Cycle</i> – various standards	IFRS Newsletter: The Balancing Items – Issue 6	

2. Most amendments will apply for years ending on or after 30 June 2015. However, the amendments to IFRS 2 and IFRS 3 refer to grant dates and dates of acquisition, respectively, on or after 1 July 2014.

Which standards are mandatory for my financial year end?



How to read the chart

Find your financial year end on the timeline. Each standard shown is either effective for the first time or not yet effective but available for early adoption, depending on whether the line is solid or striped.

For example, if your financial year end is 31 December 2014, then the standards from *Investment Entities* to *Levies* are mandatory for the first time in your annual financial report covering 1 January 2014 to 31 December 2014.

Key

Standards not yet effective, but available for early adoption. Standards effective for the first time.

In this publication, the term 'standards' is used broadly to refer to new standards, and amendments to or interpretations of standards.

Although the standards define effective date in terms of annual periods *beginning* on or after a specified date, this publication states the effective date in terms of financial years *ending* on or after a specified date, to align the information with your financial year end. It also assumes a financial year of 12 months.

Standards not yet effective, but available for early adoption

The standards listed below are not yet effective for any reporters, but are available for early adoption. Those issued since the previous edition of this *In the Headlines* (Issue 2014/16) are marked with a star (★).

Effective for years ending	Standards	KPMG's guidance
31 December 2016	IFRS 14 <i>Regulatory Deferral Accounts</i>	In the Headlines – Issue 2014/01
	<i>Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)</i>	In the Headlines – Issue 2014/07
	<i>Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)</i>	In the Headlines – Issue 2014/08

Effective for years ending	Standards	KPMG's guidance
31 December 2016 (continued)	<i>Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)</i>	In the Headlines – Issue 2014/12
	<i>Equity Method in Separate Financial Statements (Amendments to IAS 27)</i>	In the Headlines – Issue 2014/14
	★ <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)</i>	In the Headlines – Issue 2014/17
	★ <i>Annual Improvements to IFRSs 2012–2014 Cycle – various standards</i>	IFRS Newsletter: The Balancing Items – Issue 7
31 December 2017	IFRS 15 <i>Revenue from Contracts with Customers</i>	In the Headlines – Issue 2014/09
31 December 2018	IFRS 9 <i>Financial Instruments</i>	<i>Insights into IFRS</i> (chapter 7A), In the Headlines – Issue 2014/13 , In the Headlines – Issue 2013/19

Find out more

The 11th Edition 2014/15 of our publication *Insights into IFRS* contains a more detailed discussion of the accounting issues that arise from the application of IFRS. To help you plan ahead, it also discusses standards that are not yet effective. Visit [our website](#) to find out more or to order a copy. You can find our other publications on our [IFRS Institute](#), including our [suite of guides to financial statements](#).

For more information on preparing for the new standards, please speak to your usual KPMG contact.

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